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U. S. Department of Justice

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*serial 3*

INVESTIGATION

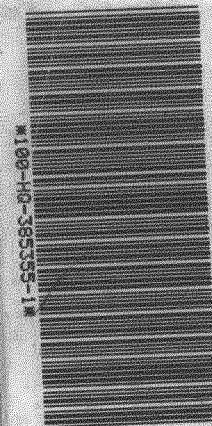
PICKETT STREET

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SERIALS 1-31

100-HQ-385355

SECTION 1

SECTION 1-31

# CONGRESS EYES LEFTISH TRENDS OF FORD TRUST

Awards in First Year  
Total 22.5 Million

BY WILLIAM FULTON

New York, Oct. 18—Ford Foundation has just wound up its first year by giving away \$22,510,880. Already this whopping big trust is showing signs of the same leftward slant which has characterized the operations of Carnegie, Rockefeller and other large foundations in recent years.

The Ford-financed activities are being watched with interest by the Congress where an inquiry into the behavior of all the big foundations is imminent. Rep. E. B. Cox (D) of Georgia has demanded a congressional investigation to determine whether the great reservoirs of philanthropic capital have been diverted to un-American persons and causes.

## Hoffman Now Director

On Jan. 1 of this year Paul G. Hoffman, former president of the Studebaker corporation and administrator for the economic co-operation administration, became active director of the foundation. Having given away 10 billion dollars to foreign countries in two and a half years, Hoffman was an old hand at the game.

The first straw in the wind that the Ford Foundation was veering toward a leftwing course with a good chance that the millions of tax-free income would be injected into global politics and propaganda appeared with the appointment of Dr. Robert Maynard Hutchins as a Hoffman aide. Hutchins is former chancellor of the University of Chicago.

## Vicious Attack on Press

Hutchins, it will be recalled, was chairman of the so-called "commission on the freedom of the press" financed by the Henry Luce magazine chain. Ten of the 12 men on his commission had been identified with movements listed as Communist fronts by government agencies. Hutchins himself has a fondness for socialism. The commission report was a vicious attack on the free press in this country.

One of the early moves that caused some eyebrow-lifting was the selection of Reinhold Niebuhr, professor at Union Theological seminary, to handle a \$500,000 fund created for the purpose of culling out 2,000 European intellectuals for resettlement in this country under the displaced persons program.

Niebuhr, who sat on the Hutchins' press commission, has been an inveterate joiner of organizations which the Department of Justice and House committee on un-American activities have cited as subversive.

## "Free Russia Fund"

Another budding project to be nurtured by Ford dollars is the "Free Russia Fund." Headed by George F. Kennan, former State department consultant, the fund will be used to transport Russian refugees to the United States.

Aiding Kennan will be Dr. Philip E. Mosely, director of the Russian institute at Columbia university, and Frank Altschul, retired international banker. Mosely, former chief of the division of territorial studies in the State department, was an adviser to the American delegation at the Potsdam conference in 1945 and subsequently at the foreign ministers council in London.

Altschul is director and treasurer of the National Committee for a Free Europe, a prime mover in the interventionist committee on the present danger, former president of the Woodrow Wilson Foundation. He claims to be a Republican but contributed \$5,000 to the Democratic national committee during the 1944 presidential campaign.

## Table Lists Grants

A table showing the grants, authorizations and commitments of the Ford Foundation from Sept. 27, 1950, to the present time follows:

For establishment of funds and foundation programs:

Fund for the advancement of education	\$7,154,000
Fund for adult education (including \$1,200,000 for television-radio workshop)	4,200,000
Free Russia fund	785,000
Overseas program	5,000,000
Total	\$17,139,000
To outside organizations:	
Free University of Berlin	\$1,400,000
American Friend Service Committee	1,000,000
Institute of International Education to administer foundation exchange of persons, programs and to strengthen its own organization	1,200,000
Resettlement campaign for exiled professionals	500,000
National Manpower Council	250,000
National Committee for a Free Europe	150,000
International Press Institute	150,000
Unitarian Service Committee	130,000
University of Frankfurt and University of Chicago	90,000
Disarmament study	80,000
Intercultural study	75,000
Others (\$60,000 or less)	346,000
Total	\$5,371,880
Grand total	\$22,510,880

## Hands Out for Handouts

The foundation offices at Pasadena, Calif., have been deluged with applications for several billion dollars worth of handouts. They are coming in at the rate of 1,000 a week.

One man had the theory the world would soon tip over—the icecaps on the South Pole were top-heavy—and Ford should spend money to melt the ice.

Another had developed a serum which, he claimed, when injected into the veins of man, would bring peace and serenity to this planet.

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Mohr \_\_\_\_\_  
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Gandy \_\_\_\_\_

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*Pattish*  
*B. H.*

Page

Times-Herald ☒  
2 Star Edition  
Wash. Post \_\_\_\_\_  
Wash. News \_\_\_\_\_  
Wash. Star \_\_\_\_\_  
N.Y. Mirror \_\_\_\_\_  
N. Y. Compass \_\_\_\_\_

Date: 10/19/51

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SAC, Washington Field Office

January 3, 1952

Director, FBI

**USE OF BENEVOLENT TRUST FUNDS,  
PHILANTHROPIES AND ELEEMOSYNARY  
INSTITUTIONS TO IMPLEMENT THE  
PROGRAMS OF SUBVERSIVE GROUPS  
INTERNAL SECURITY - C**

It has been announced that Representative Cox of Georgia intends to introduce a resolution for passage by the House of Representatives in January authorizing an inquiry to identify Trusts, Philanthropies and Eleemosynary Institutions which are claiming tax exemption privileges and are using their resources for Un-American and subversive activities or for purposes not in the tradition or interest of the United States.

In a series of newspaper articles appearing in Washington and other papers under the by-line of William Fulton, it was indicated that the following organizations would probably be questioned during the course of this proposed inquiry:

John Simon Guggenheim Memorial Foundation

Julius Rosenwald Fund

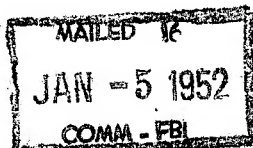
Twentieth Century Fund

Rockefeller Foundation

Carnegie Corporation of New York

Carnegie Endowment for International Peace

Ford Foundation



As will be noted in the copy of the attached letter to the Secretary of the Treasury, Special Agents William Shaw and Foster M. Kunz have been designated to make a preliminary review of the tax exemption forms 990 pertaining to the above-mentioned organizations which are on file in the Treasury Department.

In reviewing these tax exemption forms any forms reflecting payments or contributions to organizations or individuals which are believed likely to have been utilized by the recipients for subversive or Un-American purposes should be designated for photostating so the material may be further reviewed at the

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Bureau. In this connection particular attention should be devoted to Communist front groups and groups whose officers are known to have been active in Communist or Communist front activities. It is believed that the May 14, 1951, "Guide to Subversive Organizations and Publications" prepared by the House Committee on Un-American Activities will prove most useful in connection with this proposed review.

When authority is received from the Secretary of the Treasury to proceed with this preliminary inquiry, you will be notified so that Special Agents Shaw and Kunz may undertake this project.

(Note on Yellow)

The names of Special Agents William G. Shaw and Foster M. Kunz were suggested by Supervisor John E. Howard, who is in charge of the Security Squad in the Washington Field Office.



# Office Memorandum • UNITED STATES GOVERNMENT

TO : MR. A. H. BELMONT *ABN*

FROM : MR. F. J. BAUMGARDNER *FJB*

SUBJECT: USE OF BENEVOLENT TRUST FUNDS, PHILANTHROPIES AND ELEEMOSYNARY INSTITUTIONS TO IMPLEMENT THE PROGRAMS OF SUBVERSIVE GROUPS.

DATE: December 7, 1951

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 Clegg \_\_\_\_\_  
 Glavin \_\_\_\_\_  
 Nichols \_\_\_\_\_  
 Rosen \_\_\_\_\_  
 Tracy \_\_\_\_\_  
 Harbo \_\_\_\_\_  
 Belmont \_\_\_\_\_  
 Mohr \_\_\_\_\_  
 Tele. Room \_\_\_\_\_  
 Nease \_\_\_\_\_  
 Gandy \_\_\_\_\_

PURPOSE

To request the Liaison Unit to secure copies of tax exemption forms 990 and 990-A, filed with the Bureau of Internal Revenue since 1941, by the John Simon Guggenheim Memorial Foundation, Julius Rosenwald Fund, Twentieth Century Fund, Rockefeller Foundation, Carnegie Corporation of New York, Carnegie Endowment for International Peace, and the Ford Foundation.

BACKGROUND

You will recall that by memorandum dated October 17, 1951, it was reported that Representative Cox (D) of Georgia intends to introduce a Resolution for passage by the full House in January for an inquiry to identify trusts, philanthropies, and eleemosynary institutions which are claiming tax exemption privileges and are using their resources for un-American and subversive activities.

In a series of newspaper articles by William Fulton concerning the proposed Cox investigation, the following organizations were identified as possible subjects of investigation by the proposed committee:

John Simon Guggenheim Memorial Foundation  
 551 Fifth Avenue  
 New York City

Julius Rosenwald Fund  
 4901 Ellis Avenue  
 Chicago, Illinois

Twentieth Century Fund  
 330 West 42nd Street  
 New York City

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F.B.I. NEW YORK

Rockefeller Foundation  
49 West 49th Street  
New York City

Carnegie Corporation of New York  
522 Fifth Avenue  
New York City

Carnegie Endowment for International Peace  
700 Jackson Place  
Washington, D. C.

Ford Foundation

RECOMMENDATION

So that the Bureau may be in a position to know the nature of the tax exemption claims filed by the above-mentioned groups, it is recommended that the Liaison Unit be instructed to secure copies of the tax exemption forms, forms 990 and 990-A, filed by the above-mentioned organizations since 1941.

It is noted that the Treasury Department has advised that records of claims of this type filed prior to 1941 have been destroyed.

## Office Memorandum • UNITED STATES GOVERNMENT

TO : MR. A. H. BELMONT *ABP*

FROM : V. P. Kealey *VPK*

SUBJECT: *①* USE OF BENEVOLENT TRUST FUNDS,  
PHILANTHROPIES AND ELEEMOSYNARY  
INSTITUTIONS TO IMPLEMENT THE  
PROGRAMS OF SUBVERSIVE GROUPS

DATE: November 19, 1951

Tolson \_\_\_\_\_  
Ladd \_\_\_\_\_  
Clegg \_\_\_\_\_  
Glavin \_\_\_\_\_  
Nichols \_\_\_\_\_  
Rosen \_\_\_\_\_  
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Harbo \_\_\_\_\_  
Belmont \_\_\_\_\_  
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Nease \_\_\_\_\_  
Gandy \_\_\_\_\_

*g* By memorandum dated October 17, 1951, captioned as above, the Liaison Unit was requested to make a preliminary inquiry of the appropriate Treasury Department officials in order to ascertain the number of groups claiming tax exemption privileges as benevolent trust funds, philanthropies and eleemosynary institutions, and the extent of the information available in the Treasury files concerning the officers, policy-making officials, and disbursements of these groups. *B. J. G. G. G. G.*

Pursuant thereto, several individuals employed by the Internal Revenue Bureau were contacted concerning this matter; However, not until November 14, 1951, was it determined that it would be almost impossible for Internal Revenue to comply with the request for the information desired as set forth in referenced memorandum. *Sullivan*

On the afore-mentioned date Mr. R. C. Dunlap, Practice and Procedure Division, Internal Revenue, advised that in order to oblige, the Internal Revenue Bureau would have to be furnished specific names of both organizations and individuals. He stated that even though we were specific, particularly as to names, their Bureau would be of little assistance inasmuch as their records reflect only the names of the President and Treasurer of their respective organization. He also stated that records of organizations in operation prior to 1941 have been destroyed.

Mr. Dunlap further advised that in February, 1948, the Commissioner of Internal Revenue issued a directive to the effect that immediate steps be taken to insure that tax exemption privileges be denied to any organization cited by the Attorney General. This directive remains in effect.

With further reference to Mr. Dunlap's request that we be specific, he furnished two forms that are executed annually by charitable organizations. He advised that should we request information on a certain organization or an individual affiliated with that organization, the Bureau of Internal Revenue files would reflect only the information appearing on the forms. These forms are attached for informational purposes. *G*

ENCL

Attachments

WFW:lw

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*memo to Belmont*  
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EX - 69

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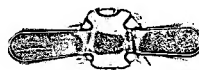


Mr. Dunlap also advised that the Bureau of Internal Revenue would cooperate with the Bureau to the fullest extent should we specifically request information on any individual or organization.

It is suggested that if the information contained in the attached Internal Revenue reports is deemed to be of value in connection with the preliminary inquiries of the material referred to in referenced memorandum, such requests for information be referred to the Liaison Unit for contact with Internal Revenue.

ACTION:

This memorandum be referred to the Internal Security Unit.



106-385355-4  
ENCLOSURE

**UNITED STATES**  
**ANNUAL RETURN OF ORGANIZATION EXEMPT FROM INCOME TAX UNDER SECTION 101 OF THE**  
**INTERNAL REVENUE CODE, OR UNDER CORRESPONDING PROVISIONS OF PRIOR REVENUE ACTS**  
(Statement of gross income, receipts, disbursements, etc., as required under Section 54 (f) of the Internal Revenue Code, as added by Section 117 of the Revenue Act of 1943) (See Instruction 1)

For Calendar Year .....

or Fiscal Year Begun ....., and Ended .....

<p>This return must be filed on or before the 15th day of the 5th month following the close of the annual accounting period. Return must be filed with the Collector of Internal Revenue for the district in which is located the principal place of business or principal office of the organization.</p>	<b>PRINT PLAINLY LEGAL NAME AND ADDRESS OF THE ORGANIZATION</b>			File Code .....
	(Give name in full)			
	(Street and number)			Serial No. ....
	(Post office)	(County)	(State)	
	Have you been advised by Bureau letter of your exemption? ..... If so, state (Yes or no) date of letter and subsection of section 101 under which you are exempt .....			
State nature of your activities .....			District .....	

- What is the legal form of your organization (corporation, trust, unincorporated association, etc.)? .....
- In what year was your organization formed? .....  
In what State or country? .....
- If this is your first return under your present name, indicate whether (a) completely new organization ☐ or (b) successor to previously existing organization(s) ☐ If successor to previously existing organization(s), give name(s) and address(es) of the predecessor organization(s) .....
- Enter the approximate number of members (if a cooperative) or stockholders at the close of the year. Members .....  
Stockholders: Preferred .....; Common .....
- If you have capital stock issued and outstanding, state with respect to each class of stock (a) the number of shares outstanding, (b) the number of shares held by individuals, (c) the number of shares held by organizations, and (d) whether any dividends may be paid .....
- Are you affiliated with any other organization whether or not tax exempt? ..... If so, give name of organization and nature of affiliation .....
- State the names and addresses of the officers or other persons having care of the books of account, minutes, correspondence, and other documents and records of the organization:  
(Name and title) (Address)  
(Name and title) (Address)
- Have any changes not previously reported to the Bureau been made in your articles of incorporation or bylaws or other instruments of similar import? ..... If so, attach a copy of the amendments. (Yes or no)
- Have you had any sources of income or engaged in any activities which have not previously been reported to the Bureau? ..... If so, attach detailed statement. (Yes or no)
- Do you derive any rents or royalties from property which you have purchased from the lessee? ..... Is any property of the organization leased or rented to, or does the organization lease or rent any property from, any person or groups of persons directly associated with the organization filing this return? ..... If either answer is "yes," give a detailed statement. (Yes or no)
- Check whether this return was prepared on the cash ☐ or accrual ☐ basis.
- If you were held exempt under section 101 (4), state the total amount of mortgage loans made during the year to (a) members, \$ .....; (b) nonmembers, \$ .....
- If you were held exempt under section 101 (6), state whether any of your activities consisted of carrying on propaganda or otherwise attempting to influence legislation ..... If so, attach detailed statement. (Yes or no)
- Farmers' cooperative marketing and purchasing organizations shall also state—  
(a) Number of shares of voting stock owned by (1) producers .....; (2) nonproducers .....  
(b) Were nonmembers charged the same as members for marketing and merchandise? ..... (Yes or no)  
(c) State—

	Members	Nonmembers
Sales for .....	\$ .....	\$ .....
Purchases for .....	\$ .....	\$ .....
Patronage dividends to .....	\$ .....	\$ .....

  
(d) Value of agricultural products marketed (or handled) for members (1) actually produced by such members, \$ .....; (2) purchased or otherwise acquired by such members, \$ .....; for nonmembers (1) actually produced by such nonmembers, \$ .....; (2) purchased or otherwise acquired by such nonmembers, \$ .....  
(e) Value of supplies and equipment purchased for or sold to (1) members, \$ .....; (2) nonmembers who were producers, \$ .....; (3) nonmembers who were not producers, \$ .....  
(f) Amount of business done for United States Government or agencies thereof, \$ .....



1. Dues, assessments, etc., from members, excluding service and other charges properly included under item 7 (see Instruction 5) \$
2. Dues, assessments, etc., from affiliated organizations (see Instruction 5)
3. Contributions, gifts, grants, etc., received (see Instruction 5)
4. Interest
5. Dividends
6. Rents
7. Gross receipts from business activities (state nature):
 

(a)	\$
(b)	
(c)	
(d)	
8. Patronage dividends (or patronage refunds) received
9. Gain (or loss) from sale of assets, excluding inventory items (from Schedule B)
10. Other income (if more than 10 percent of item 11, attach itemized schedule. Also see Instruction 5)
11. Total of items 1 to 10, inclusive \$

## DISPOSITION OF INCOME, DUES, CONTRIBUTIONS, ETC.

## A. Expenses attributable to income items 6 and 7 (See Instruction 6):

12. Cost of goods sold (or, in the case of farmers' cooperatives, purchases for or advances to patrons) \$
13. Compensation of officers, directors, trustees, etc.
14. Wages, salaries, and commissions (other than compensation of officers, directors, trustees, etc.)
15. Interest
16. Taxes (such as property, income, social security, unemployment taxes, etc.)
17. Rent
18. Depreciation
19. Miscellaneous expenses (state nature):
 

(a)	\$
(b)	
(c)	
(d)	

## B. Other expenses:

20. Dues, assessments, etc., to affiliated organizations
21. Compensation of officers, directors, trustees, etc. (not included under item 13)
22. Wages, salaries, and commissions (not included under item 14)
23. Interest (not included under item 15)
24. Taxes (not included under item 16)
25. Rent (not included under item 17)
26. Miscellaneous expenses not elsewhere classified (state nature):
 

(a)	\$
(b)	
(c)	
(d)	

## C. Contributions:

27. Contributions, gifts, grants, etc., paid (state to whom paid):
 

(a)	\$
(b)	
(c)	
(d)	

## D. Other dispositions:

28. Benefit payments to or for members or their dependents:
  - (a) Death, sickness, hospitalization, disability, or pension benefits
  - (b) Other benefits
29. Dividends (other than patronage dividends) and other distributions to members, shareholders, or depositors
30. Cash patronage dividends (or patronage refunds) (for farmers' cooperatives only)
31. Patronage dividends (or patronage refunds) in stock, notes, credits, or other evidence of equity or indebtedness (for farmers' cooperatives only)
32. Additions (if any) to reserves (attach itemized schedule)
33. Additions (if any) to surplus
34. Total of items 28 to 33, inclusive (see Instruction 7) \$

ASSETS	BEGINNING OF YEAR				END OF YEAR			
	Amount		Total		Amount		Total	
1. Cash			\$				\$	
2. Notes and accounts receivable	\$				\$			
Less: Reserve for bad debts								
3. Inventories								
4. Investments in governmental obligations								
5. Investments in nongovernmental bonds, etc.								
6. Investments in corporate stocks (see Instruction 9)								
7. Other investments (itemize)	\$				\$			
8. Capital assets:								
(a) Depreciable (and depletable) assets (attach itemized schedule)	\$				\$			
Less: Reserve for depreciation (and depletion)								
(b) Land								
9. Other assets (itemize)	\$				\$			
10. <b>TOTAL ASSETS</b>			\$				\$	
<b>LIABILITIES</b>								
11. Accounts payable			\$				\$	
12. Bonds, notes, and mortgages payable:								
(a) With original maturity of less than 1 year	\$				\$			
(b) With original maturity of 1 year or more								
13. Other liabilities (itemize)	\$				\$			
14. Surplus reserves (itemize)	\$				\$			
15. Capital stock:								
(a) Preferred stock	\$				\$			
(b) Common stock								
16. Membership certificates								
17. Paid-in or capital surplus (or donated capital if a trust)								
18. Earned surplus and undivided profits								
19. <b>TOTAL LIABILITIES</b>			\$				\$	

**Schedule B.—GAINS AND LOSSES FROM SALE OF ASSETS, EXCLUDING INVENTORY ITEMS**

1. Description of property	2. Date acquired	3. Book value at time of sale		4. Gross sales price (contract price)		5. Cost (or value at time of acquisition if donated)		6. Expense of sale and cost of improvements subsequent to acquisition		7. Depreciation since acquisition		8. Gain or loss (col. 4 plus col. 7 minus the sum of cols. 5 and 6)
(a)		\$		\$		\$		\$		\$		\$
(b)												
(c)												
(d)												
(e)												
(f)												
Total net gain (or loss) (enter as item 9, page 2)												\$

**Supplemental information required for Schedule B**

State with respect to each item of property reported in Schedule B:

- (1) How property was acquired
- (2) Relationship of purchaser to vendor organization, or founder, officers, directors, or trustees of vendor organization
- (3) If property was not sold for cash, state terms of sale

We, the undersigned, president (or vice president, or other principal officer) and treasurer (or assistant treasurer, or chief accounting officer) of the organization for or by which this return is made, each for himself declares under the penalties of perjury that this return has been examined by him and is to the best of his knowledge and belief a true, correct, and complete return

[CORPORATE SEAL] (President or other principal officer) (State title) (Date) (Treasurer, Assistant Treasurer, or Chief Accounting Officer) (State title) (Date)

The following additional declaration shall be executed by the person other than an officer or employee of the organization actually preparing this return:

I declare under the penalties of perjury that I prepared this return for the organization(s) named herein and that this return is to the best of my knowledge and belief a true, correct, and complete return.

(Name of firm or employer, if any)

(Signature of person preparing this return)

(Date)

### GENERAL INSTRUCTIONS

1. An annual statement of gross income, receipts, disbursements, etc., on this form, is required by law of every organization which is exempt from tax under the provisions of section 101 of the Internal Revenue Code, excepting only a (1) religious organization exempt under section 101 (6); (2) educational organization exempt under section 101 (6), if it normally maintains a regular faculty and curriculum and normally has a regularly organized body of pupils or students in attendance at the place where its educational activities are regularly carried on; (3) charitable organization, or an organization for the prevention of cruelty to children or animals, exempt under section 101 (6), if supported, in whole or in part, by funds contributed by the United States or any State or political subdivision thereof, or primarily supported by contributions of the general public; (4) organization exempt under section 101 (6), if operated, supervised, or controlled by or in connection with a religious organization exempt under section 101 (6); (5) fraternal beneficiary society, order, or association solely exempt under section 101 (3); or (6) corporation exempt under section 101 (15), if wholly owned by the United States or any agency or instrumentality thereof, or a wholly owned subsidiary of such corporation.

2. This form shall be prepared in accordance with the method of accounting regularly employed in keeping the books of your organization.

3. Fill in the items on pages 2 and 3 of this form to the extent that they apply to your organization.

4. A group return on this form may be filed by a central, parent, or like organization for two or more of its chartered, affiliated, or associated local organizations which (a) are subject to its general supervision and examination, (b) are exempt from tax under the same provision of revenue law as the central organization, (c) have authorized it in writing to include them in such return, and (d) have filed with it statements, verified under oath or affirmation, of the information required to be included in this return. Such group return shall be in addition to the separate return of the central organization, but in lieu of separate returns by the local organizations included in the group return. There shall be attached to such group return a schedule showing separately (a) the total number, names, and addresses of the local organizations included, and (b) the same information for those not included therein. In addition, if the parent or any one affiliated organization included in a group return has income of more than \$5,000 from rents and business activities includible

under items 6 and 7 of this form, there shall be submitted for such parent and each such affiliate (1) a separate statement showing the information called for in items 6 and 7 and items 12 through 19, and (2) a separate balance sheet as provided in Schedule A of the return but only if the gross value of the assets of such parent or such affiliate is \$25,000 or more.

5. In all cases where item 1, 2, 3, or 10 includes money or property amounting to \$3,000 or more, which was received directly or indirectly from one person, in one or more transactions during the year, itemized schedules showing the total amount received from and the name and address of each such person shall be attached to this return. (The term "person" includes individuals, fiduciaries, partnerships, corporations, associations, and other organizations.) Receipts by a "central" organization from organizations included in a group return need not be itemized in the "central" organization's separate return.

6. If the total of income items 6 and 7 is not more than \$5,000, amounts includible in item 12 through item 19 may be entered under item 21 through item 26 under the appropriate headings. Where sections "A" and "B" must both be completed, items of expense may be divided between these sections on the basis of accounting records, or, if such records do not provide for this division, any items of expense which do not fall wholly under either of these sections may be divided on any reasonable basis, such as an approximation of the use of a facility or the time spent by an individual.

7. If item 34 does not equal item 11, attach a schedule accounting for the difference.

8. The balance sheets, Schedule A, should agree with the books of account or any differences should be reconciled. All organizations reporting to any national, State, municipal, or other public officer may submit, in lieu of Schedule A, copies of their balance sheets prescribed by any such authority as at the beginning and end of the taxable year.

9. In all cases where line 6, Schedule A, includes 10 percent or more of any class of stock of any corporation, attach a list showing the name of the corporation, the number of shares of each type of stock owned (including information indicating whether the stock is voting or nonvoting), and the book value of the stock included in line 6.

10. For further information see regulations under sections 54 (f) and 101 of the Internal Revenue Code.



UNITED STATES

RETURN OF ORGANIZATION EXEMPT FROM TAX UNDER SECTION 101(6) OF INTERNAL REVENUE CODE

NOTICE: The law requires that certain information required on this return be made available to the public. Pages 3 and 4 are designed for this purpose and may be prepared by carbon process, if desired.

FOR CALENDAR YEAR

or Fiscal Year Beginning , and Ending

This return must be filed on or before the 15th day of the fifth month following the close of the annual accounting period. Return must be filed with the Collector of Internal Revenue for the district in which is located the principal place of business or principal office of the organization.

PRINT PLAINLY LEGAL NAME AND ADDRESS OF ORGANIZATION

Serial No.

District

(Date received)

(Give name in full)

(Street and number)

(City or town)

(Postal zone number)

(State)

Date of Bureau exemption letter:

GROSS INCOME

Item No.

- Gross sales or receipts from business activities
- Less: Cost of goods sold or of operations (attach itemized statement)
- Gross profit from business activities
- Interest
- Dividends
- Rents and royalties
- Gain (or loss) from sale of assets, excluding inventory items (see instruction 2)
- Other income (attach itemized statement)
- Total gross income (items 1 to 8, incl.)

INCURRED EXPENSES ATTRIBUTABLE TO GROSS INCOME

- Compensation of officers, directors, trustees, etc
- Salaries and wages (other than amounts shown in item 10)
- Interest
- Taxes
- Rent
- Depreciation
- Miscellaneous expenses (attach itemized statement)
- Total expenses (items 10 to 16, incl.)

DISBURSEMENTS MADE WITHIN THE YEAR OUT OF CURRENT OR ACCUMULATED INCOME FOR PURPOSES FOR WHICH EXEMPT; AND ACCUMULATION OF INCOME

- Administrative and operating expenses (not included above)
- Contributions, gifts, grants, etc. (List each class of activity for which disbursements were made and show separate total for each. Also attach list showing to whom paid):

- Accumulation of income within the year (item 9 less the sum of items 17, 18, and 19)
- Aggregate accumulation of income at beginning of the year (computed for prior years as under item 20)
- Accumulation of income at end of the year (item 20 plus item 21)

DISBURSEMENTS MADE OUT OF PRINCIPAL FOR PURPOSES FOR WHICH EXEMPT

- Administrative and operating expenses
- Contributions, gifts, grants, etc.:
  - Paid out in prior years
  - Paid out within the year (List each class of activity for which disbursements were made and show separate total for each. Also attach list showing to whom paid):

RECEIPTS NOT REPORTED ELSEWHERE ON THIS FORM

- Contributions, gifts, grants, etc., received

DECLARATION

We, the undersigned, president (or vice president, or other principal officer) and treasurer (or assistant treasurer, or chief accounting officer) of the organization for or by which this return is made, each for himself declares under the penalties of perjury that this return (including any accompanying schedules and statements) has been examined by him and is to the best of his knowledge and belief a true, correct, and complete return.

CORPORATE  
SEAL

(President or other principal officer) (State title)

(Date)

(Treasurer, assistant treasurer, or chief accounting officer) (State title)

(Date)

The following additional declaration shall be executed by the person other than an officer or employee of the organization actually preparing this return:

I declare under the penalties of perjury that I prepared this return for the organization named herein and that this return (including any accompanying schedules and statements) is to the best of my knowledge and belief a true, correct, and complete return.

(Name of firm or employer, if any)

(Signature of person preparing this return)

(Date)

Schedule A.—BALANCE SHEET AS OF THE BEGINNING OF THE YEAR

ASSETS				
1. Cash				\$
2. Notes and accounts receivable				\$
Less: Reserve for bad debts				
3. Inventories				
4. Investments in governmental obligations				
5. Investments in nongovernmental bonds, etc.				
6. Investments in corporate stocks				
7. Other investments (itemize)				\$
8. Capital assets:				
(a) Depreciable (and depletable) assets (attach itemized schedule)				\$
Less: Reserve for depreciation (and depletion)				
(b) Land				\$
9. Other assets (itemize)				\$
10. Total assets				\$
LIABILITIES				
11. Accounts payable				\$
12. Bonds, notes, and mortgages payable:				
(a) With original maturity of less than 1 year				\$
(b) With original maturity of 1 year or more				\$
13. Other liabilities (itemize)				\$
14. Total liabilities				\$
NET WORTH				
15. Capital stock:				
(a) Preferred stock				\$
(b) Common stock				\$
16. Membership certificates				
17. Paid-in or capital surplus (or donated capital if a trust)				
18. Surplus reserves (itemize)				\$
19. Earned surplus and undivided profits				
20. Total net worth				
21. Total liabilities and net worth				\$

1. State nature of activities

2. Have you filed a tax return on Form 990-T for this year?  
(Applicable only to years beginning after Dec. 31, 1950)

(Yes or No)

Unrelated business gross income reported \$

3. What is the legal form for your organization (corporation, trust, unincorporated association, etc.)?

4. In what year was your organization formed?  
In what State or country?

5. If successor to previously existing organization(s), give name(s) and address(es) of the predecessor organization(s)

6. If you have capital stock issued and outstanding, state with respect to each class of stock (a) the number of shares outstanding, (b) the number of shares held by individuals, (c) the number of shares held by organizations, (d) the number of shareholders at end of year, and (e) whether any dividends may be paid

7. Have any changes not previously reported to the Bureau been made in your articles of incorporation or bylaws or other instruments of similar import? If so, attach a copy of the amendments. (Yes or No)

8. Have you had any sources of income or engaged in any activities which have not previously been reported to the Bureau? If so, attach detailed statement.  
(Yes or No)

9. Did you hold any real property for rental purposes on which there is an indebtedness incurred in acquiring the property or in making improvements thereto? If so, attach detailed statement. (Yes or No)

10. After July 1, 1950, did—  
The creator of your organization, or  
A contributor to your organization, or  
A brother or sister (whole or half blood), spouse, ancestor, or lineal descendant of such creator or contributor, or  
A corporation owned (50 percent or more of voting stock or 50 percent or more of value of all stock) directly or indirectly by such creator or contributor

(a) Borrow any part of your income or corpus? (Yes or No)

(b) Receive any compensation for personal services from you? (Yes or No)

(c) Have any part of your services made available to him? (Yes or No)

(d) Purchase any securities or other property from you? (Yes or No)

(e) Sell any securities or other property to you? (Yes or No)

(f) Have any part of your income or corpus diverted to him by any transaction? (Yes or No)

If answer to any question is "yes," attach detailed statement.

UNITED STATES  
RETURN OF ORGANIZATION EXEMPT FROM TAX UNDER SECTION 101(6) OF INTERNAL REVENUE CODE

(To be made available to the public as required by section 153 (c) of the Code)

FOR CALENDAR YEAR \_\_\_\_\_  
or Fiscal Year Beginning \_\_\_\_\_, and Ending \_\_\_\_\_

This return must be filed on or before the 15th day of the fifth month following the close of the annual accounting period. Return must be filed with the Collector of Internal Revenue for the district in which is located the principal place of business or principal office of the organization.

PRINT PLAINLY LEGAL NAME AND ADDRESS OF ORGANIZATION

(Give name in full)  
(Street and number)  
(City or town) (Postal zone number) (State)

Date of Bureau exemption letter: \_\_\_\_\_

Serial No.  
District  
(Date received)

GROSS INCOME

Item No.  
1. Gross sales or receipts from business activities \$  
2. Less: Cost of goods sold or of operations \$  
3. Gross profit from business activities \$  
4. Interest  
5. Dividends  
6. Rents and royalties  
7. Gain (or loss) from sale of assets, excluding inventory items  
8. Other income  
9. Total gross income (items 1 to 8, incl.) \$

INCURRED EXPENSES ATTRIBUTABLE TO GROSS INCOME

10. Compensation of officers, directors, trustees, etc \$  
11. Salaries and wages (other than amounts shown in item 10)  
12. Interest  
13. Taxes  
14. Rent  
15. Depreciation  
16. Miscellaneous expenses  
17. Total expenses (items 10 to 16, incl.) \$

DISBURSEMENTS MADE WITHIN THE YEAR OUT OF CURRENT OR ACCUMULATED INCOME FOR PURPOSES FOR WHICH EXEMPT, AND ACCUMULATION OF INCOME

18. Administrative and operating expenses (not included above) \$  
19. Contributions, gifts, grants, etc. (List each class of activity for which disbursements were made and show separate total for each):  
\$  
\$  
\$

20. Accumulation of income within the year (item 9 less the sum of items 17, 18, and 19) \$  
21. Aggregate accumulation of income at beginning of the year (computed for prior years as under item 20) \$  
22. Accumulation of income at end of the year (item 20 plus item 21) \$

DISBURSEMENTS MADE OUT OF PRINCIPAL FOR PURPOSES FOR WHICH EXEMPT

23. Administrative and operating expenses \$  
24. Contributions, gifts, grants, etc.:  
(a) Paid out in prior years \$  
(b) Paid out within the year (List each class of activity for which disbursements were made and show separate total for each):  
\$  
\$  
\$



ASSETS			
1. Cash			\$
2. Notes and accounts receivable	\$		
Less: Reserve for bad debts			
3. Inventories			
4. Investments in governmental obligations			
5. Investments in nongovernmental bonds, etc.			
6. Investments in corporate stocks			
7. Other investments (itemize)	\$		
8. Capital assets:			
(a) Depreciable (and depletable) assets (attach itemized schedule)	\$		
Less: Reserve for depreciation (and depletion)			
(b) Land			
9. Other assets (itemize)	\$		
10. Total assets			\$
LIABILITIES			
11. Accounts payable			\$
12. Bonds, notes, and mortgages payable:			
(a) With original maturity of less than 1 year	\$		
(b) With original maturity of 1 year or more			
13. Other liabilities (itemize)	\$		
14. Total liabilities			\$
NET WORTH			
15. Capital stock:			
(a) Preferred stock	\$		
(b) Common stock	\$		
16. Membership certificates			
17. Paid-in or capital surplus (or donated capital if a trust)			
18. Surplus reserves (itemize)	\$		
19. Earned surplus and undivided profits			
20. Total net worth			\$
21. Total liabilities and net worth			\$

## GENERAL INSTRUCTIONS

1. An annual statement of gross income, receipts, disbursements, etc., on this form, is required by law of every organization which is exempt from tax under the provisions of section 101 (6) of the Internal Revenue Code, excepting only (1) a religious organization; (2) an educational organization if it normally maintains a regular faculty and curriculum and normally has a regularly organized body of pupils or students in attendance at the place where its educational activities are regularly carried on; (3) a charitable organization, or an organization for the prevention of cruelty to children or animals, if supported in whole or in part, by funds contributed by the United States or any State or political subdivision thereof, or primarily supported by contributions of the general public; (4) or an organization operated, supervised, or controlled by or in connection with a religious organization exempt under section 101 (6). The law also requires that every such organization furnish the information called for on pages 3 and 4 and that such information be made available to the public. The law provides penalties for failure to furnish this information.

2. Attach a detailed statement showing with respect to each piece of property sold: (a) Date acquired and manner of acquisition; (b) Gross sales price; (c) Cost or other basis (value at time of acquisition, if donated); (d) Expense of sale and cost of improvements subsequent to acquisition; (e) Depreciation since acquisition; and (f) Gain or loss—(b) plus (e) minus (c) plus (d).

3. In all cases where item 8 or 25 includes money or property amounting to \$3,000 or more, which was received directly or indirectly from one person, in one or more transactions during the year, itemized schedules showing the total amount received

from and the name and address of each such person shall be attached to this return. (The term "person" includes individuals, fiduciaries, partnerships, corporations, associations, and other organizations.)

4. Expenses may be divided between items 10 through 16 and items 18 and 23 on the basis of accounting records. If such records do not provide for this division, expenses may be divided on any reasonable basis, such as an approximation of the use of a facility or the time spent by an individual.

5. Activities in items 19 and 24 (b) should be classified according to purpose in greater detail than merely charitable, educational, religious, or scientific. For example, payments for nursing service, for laboratory construction, for fellowships, or for assistance to indigent families should be so identified.

The detailed list of organizations and individuals to whom payments were made as well as other itemized statements called for on page 1 should be attached to page 2. Duplicates are not required in connection with pages 3 and 4.

6. The balance sheet, Schedule A, should agree with the books of account or any differences should be reconciled.

7. In all cases where line 6, Schedule A, includes 10 percent or more of any class of stock of any corporation, attach a list showing the name of the corporation, the number of shares of each type of stock owned (including information indicating whether the stock is voting or nonvoting), and the book value of the stock included in line 6.

8. For further information see regulations under sections 54 (f), 101, and 153 of the Internal Revenue Code.

**Form 990-T.**—The Revenue Act of 1950 imposes a tax, with respect to taxable years beginning after December 31, 1950, in the case of certain organizations exempt from tax under section 101 (1), (6), (7), and (14) of the Internal Revenue Code on income derived (a) from operation of a business enterprise which is unrelated to the purpose for which such organization received an exemption or (b) from certain rentals from property leased to others on a long-term basis. Such income and tax are to be reported on Form 990-T, copies of which may be obtained from the Collector of Internal Revenue.

## Office Memorandum • UNITED STATES GOVERNMENT

TO : MR. A. H. BELMONT *WFB*

DATE: December 21, 1951

FROM : V. P. Keay

SUBJECT: ① USE OF BENEVOLENT TRUST FUNDS,  
PHILANTHROPIES AND ELEMOSYNARY  
INSTITUTIONS TO IMPLEMENT THE  
PROGRAMS OF SUBVERSIVE GROUPS

Tolson \_\_\_\_\_  
Ladd \_\_\_\_\_  
Clegg \_\_\_\_\_  
Glavin \_\_\_\_\_  
Nichols \_\_\_\_\_  
Tracy \_\_\_\_\_  
Harbo \_\_\_\_\_  
Belmont \_\_\_\_\_  
Mohr \_\_\_\_\_  
Tele. Room \_\_\_\_\_  
Nease \_\_\_\_\_  
Gandy \_\_\_\_\_

By memorandum from Mr. Baumgardner to Mr. Belmont, dated December 7, 1951, captioned as above, the Liaison Unit was requested to secure copies of tax exemption forms 990 and 990-A, filed with the Bureau of Internal Revenue since 1941, by the John Simon Guggenheim Memorial Foundation, Julius Rosenwald Fund, Twentieth Century Fund, Rockefeller Foundation, Carnegie Corporation of New York, Carnegie Endowment for International Peace, and the Ford Foundation. *ms 10-1*

Pursuant to this request, Mr. R. C. Dunlap, Practice and Procedure Division, Bureau of Internal Revenue, was contacted by W. F. Woods, Liaison Unit. Mr. Dunlap advised, as he had previously, that his office would have no objection to Bureau Agents reviewing the records pertaining to charitable institutions. He advised, however, that since originally discussing this matter with him on November 14, 1951, ~~that~~ the Commissioner of Internal Revenue had requested that the Bureau of Internal Revenue comply with the Executive Order relating to government agencies obtaining information from tax returns. In view of this, he suggested that our Bureau direct a letter to the Attorney General requesting that the records of the above organizations be made available for review. He advised that in this letter the name or names of Agents who will review these files should also be set forth. He also suggested that rather than ask for photostatic copies of these returns at this time, that Bureau Agents review the files of these organizations and then request photostatic copies of reports in which the Bureau is interested.

OBSERVATIONS:

During the past several weeks it has been necessary on numerous occasions to contact Internal Revenue relative to individual and corporate tax returns, with the result that it has caused that agency considerable work. The Bureau's contact at Internal Revenue is extremely cooperative and unless it is absolutely essential that these returns be obtained immediately, it would appear that we should follow the procedure suggested by *Cy*

WFW:nck *nck*

F. 282 *ju*  
50 FEB 7 1952

RECORDED *100*

EX. - 69

100-385355-5  
JAN 11 1952  
18

*Mr. Dunlap, it being noted that we use a very discreet source when a return is needed immediately.*

*ACTION:*

*That this memorandum be referred to the Internal Security Unit.*

## Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. A. H. Belmont

DATE: October 17, 1951

FROM : Mr. F. J. Baumgardner

SUBJECT: USE OF BENEVOLENT TRUST FUNDS,  
PHILANTHROPIES AND ELEEMOSYNARY  
INSTITUTIONS TO IMPLEMENT THE  
PROGRAMS OF SUBVERSIVE GROUPS

Tolson	_____
Ladd	_____
Clegg	_____
Glavin	_____
Nichols	_____
Rosen	_____
Tracy	_____
Harbo	_____
Belmont	_____
Mohr	_____
Tele. Room	_____
Nease	_____
Gandy	_____

PURPOSE:

To consider the feasibility of identifying and conducting preliminary investigations concerning the larger benevolent trust funds, philanthropies and eleemosynary institutions established on a tax-free basis in the United States in order to determine whether their officers and policy-making employees are supporters of or members of subversive groups.

BACKGROUND:

The Washington Times Herald for October 1, 1951, carried an article under the by-line of William Fulton which reflected that Representative Cox (D) of Georgia, intends to introduce a resolution for passage by the full House in January for an inquiry to identify trusts, philanthropies and eleemosynary institutions which are claiming tax exemption privileges and are using their resources for Un-American and subversive activities or for purposes not in the interest or tradition of the United States. This resolution has already been approved by the House Rules Committee.

In this article it is noted that Alger Hiss formerly headed the Carnegie Endowment for International Peace and the Carnegie and Rockefeller funds have to a large extent supported the Institute of Pacific Relations. Two million one hundred seventy-six thousand dollars were advanced to the Institute of Pacific Relations from 1925 through 1950 by the Carnegie and Rockefeller funds. It was also noted that the John Simon Guggenheim Memorial Foundation and the Rosenwald Foundation have provided fellowships to avowed Communists and fellow travelers. The Robert Marshall Foundation is also listed as a contributor to leftist causes and the defense of Communists in the courts.

~~Attachment~~

JAS:eeo:eis

RECORDED - 106

JAN 21 1952

EX - 69

Memo to Belmont  
WFW 11-19-51

3

FIVE

JAS



Bureau investigations have substantiated in some instances the charges enumerated in this article. It has been determined that some subversive groups have received substantial contributions from foundations claiming tax exemptions. The types of assistance rendered subversive groups by such foundations falls into the following general categories:

1. Through biased studies and publications, efforts have been made to influence official and public opinion. An example of this is the case of the magazine "Amerasia" published by the Institute of Pacific Relations. The Carnegie and Rockefeller foundations contributed substantially to the Institute of Pacific Relations.

2. Contributions to the support and maintenance of front groups for Communist, Fascist and Nationalist organizations. An example of this may be seen in the contributions of the Robert Marshall Foundation to the California Labor School, Civil Rights Congress, Farmers Union, National Lawyers Guild, American Civil Liberties Union, National Council for a Permanent FEPC and numerous other groups of similar character.

3. The use of scholarship and fellowship funds to gather information of strategic import which may be made available to subversive groups and possibly foreign interests. In this connection, it is noted that in an interview on December 21, 1950, Owen Lattimore advised Bureau Agents that a recent bulletin of the Asia Institute in New York City, reflected that one of its employees, Chen Hang Seng, was somewhere in India studying the agrarian situation under a Carnegie Foundation fellowship. Arthur Upham Pope is Chancellor of the Asia Institute. According to a reliable informant, he was a member of the Communist Party in 1943. The Veterans Administration supplied the Bureau with a letter from a purported student at the Asia Institute in June, 1951, wherein it was stated that Pope has propagandized for Communist expansion in Asia, the Russian invasion of Tibet has been supported in student lectures and the American defense of Korea has repeatedly been labeled as "American Imperialism."

4. The advance of funds for the defense in court of persons who have been affiliated with subversive groups. An example of this is noted in the material contributions of the Robert Marshall Foundation to the defense of William Remington in New York City.

It is believed that present sources supply the Bureau with sufficient information concerning groups of this type to indicate when further investigation of an organization is necessary; however, in order to check the information available in the Treasury files, it is recommended that the following action be taken.

RECOMMENDATION:

That the Liaison Unit make a preliminary inquiry of the appropriate Treasury Department officials in order to ascertain the number of groups claiming tax exemption privileges as benevolent trust funds, philanthropies and eleemosynary institutions and the extent of the information available in the Treasury files concerning the officers, policy-making officials and disbursements of these groups.

In this connection the Bureau is primarily interested in groups that have large sums of money available for use in fostering their programs; groups of the type whose support would have significant influence in terms of financial aid and prestige to the programs they espouse. This delimitation is being made in order to establish a selective basis for possible investigation of the individual groups.

*JK*

Upon receipt of the above information, the desirability of making inquiries into the activities of these groups may be further studied to determine whether it will be more practical, from an investigative standpoint, to rely on present sources of information than to make preliminary checks in Treasury files to identify the officers and policy-making officials of such groups so their names may be checked in the files of the Bureau.

January 4, 1952.

RECORDED - 106

100-385355-6

The Honorable,  
The Secretary of the Treasury,  
Washington, D. C.

My dear Mr. Secretary:

In connection with an official investigation being conducted by the Federal Bureau of Investigation, it is requested that you make available for review the tax exemption forms 990 and 990A filed by the following organizations since 1941:

John Simon Guggenheim Memorial Foundation  
551 Fifth Avenue  
New York City

Julius Rosenwald Fund  
4901 Ellis Avenue  
Chicago, Illinois

Twentieth Century Fund  
390 West 42nd Street  
New York City

Rockefeller Foundation  
49 West 49th Street  
New York City

Carnegie Corporation of New York  
522 Fifth Avenue  
New York City

INSPECTED AND MAILED  
COMMUNICATIONS SECTION  
JAN 7 1952  
WS

Carnegie Endowment for International Peace  
700 Jackson Place  
Washington, D. C.

Ford Foundation

In view of the voluminous nature of this material, it is suggested that Special Agents William O. Shaw and Foster M. Kunz make a preliminary review of these forms in order to select the material of interest to the Federal Bureau of Investigation.

7.282.  
JAS:ahn FEB 7 1952

Bureau Copy

G.I.R.-6

Tolson \_\_\_\_\_  
Ladd \_\_\_\_\_  
Nichols \_\_\_\_\_  
Belmont \_\_\_\_\_  
Clegg \_\_\_\_\_  
Glavin \_\_\_\_\_  
Harbo \_\_\_\_\_  
Rosen \_\_\_\_\_  
Tracy \_\_\_\_\_  
Mohr \_\_\_\_\_  
Tele. Rm. \_\_\_\_\_  
Nease \_\_\_\_\_  
Gandy \_\_\_\_\_

It is further requested that you furnish the Federal Bureau of Investigation with two uncertified photostatic copies of the documents designated by the above-mentioned Special Agents as being of interest to the Agency.

In the event you approve the above requests it will be appreciated if you will designate the person whom the Special Agents of the Federal Bureau of Investigation should contact in connection with this matter.

Sincerely yours,

(Signed) J. Howard McGrath

Attorney General

(Note on Yellow)

In accordance with the suggestion set forth in the attached memorandum to Mr. Belmont dated December 21, 1951, two Agents of the Washington Field Office, William G. Shaw and Foster M. Kunz, were designated to make a preliminary survey of the material in the Treasury Department files. The names of these Agents were suggested by Supervisor John E. Howard of the Washington Field Office.



# FEDERAL BUREAU OF INVESTIGATION

Form No. 1

THIS CASE ORIGINATED AT

**NEW YORK**

**NY**

FILE NO.

**100-79709**

**CLASS**

REPORT MADE AT <b>NEW YORK</b>	DATE WHEN MADE <b>2/10/51</b>	PERIOD FOR WHICH MADE <b>3/1, 3, 5, 9, 29; 4/2, 5; 5/1, 31; 6/4; 7/2; 8/1/51</b>	REPORT MADE BY <b>JOHN H. KLEINKAUF (A)</b>
TITLE <b>AMERICAN PEOPLES FUND, INC.</b>			CHARACTER OF CASE <b>INTERNAL SECURITY - C</b>

**SYNOPSIS OF FACTS:**

Activity of subject organization's bank account maintained at Guaranty Trust Company, NYC during period 2/1/51 to 7/31/51 set forth. Balance of this account as of 7/31/51 was \$1636.98. Balance of bank account maintained at Amalgamated Bank of New York as of 7/31/51 was \$15172.56.

- P\* -

**DETAILS:**

Confidential Informant T-1, of known reliability, has advised that for the period from February 1, 1951 to July 31, 1951 the only activity in subject organization's bank account which is maintained at the Guaranty Trust Company, 140 Broadway, New York, was check number 86 payable to the Collector of Internal Revenue in the amount of \$503.92 and check number 87 payable to LOUIS GROSS in the amount of \$50.00, both of these checks were dated March 1, 1951 and were signed by FREDERICK V. FIELD as President of subject organization, whose address is listed as 16 West 12th Street, New York City. The balance of this account as of February 1, 1951 was \$2190.90 and the balance as of July 31, 1951 was \$1636.98.

APPROVED AND FORWARDED:	SPECIAL AGENT IN CHARGE	DO NOT WRITE IN THESE SPACES
		<div style="font-size: 2em; font-weight: bold;">100-385385-✓</div> <div style="border: 1px solid black; padding: 5px; display: inline-block;"> NOT RECORDED 114 FEB 14 1952 </div>
COPIES OF THIS REPORT		
⑥ - Bureau (100-345143)  3 - New York <i>J. 374</i>		

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☆ U. S. GOVERNMENT PRINTING OFFICE 16 50255-1

ORIGINAL FILED IN 100-345143-17

NY 100-79709

On March 3, 1951 Confidential Informant T-2, of known reliability, advised that on February 1, 1951 a deposit of slightly more than \$15,000.00 was made to subject organization's bank account at the Amalgamated Bank of New York. Included in this deposit were checks in the amount of \$13,068.00 and \$1000.00, both drawn on the Corn Exchange Bank Trust Company, New York City, and a check for \$1375.00 drawn on the National City Bank, New York City.

T-2 advised that the balance of this account as of February 1, 1951 was \$2579.56; the balance of the account as of March 1, 1951 was \$18,522.56; and the balance of the account as of July 31, 1951 was \$15,172.56.

On March 5, 1951 Confidential Informant T-3, of known reliability, advised that the checks in the amount of \$13,068.00 and \$1000.00 deposited on February 1, 1951 to subject organization's bank account at the Amalgamated Bank of New York were written by RUTH LIPTON, 425 East 86th Street, New York City, who maintains an account at the York Avenue Branch of the Corn Exchange Bank Trust Company, New York City. This informant advised that LIPTON'S husband, who was an attorney, was killed in an airplane crash in Palestine and she received approximately \$100,000.00 in insurance as a result of this plane crash. In regard to RUTH LIPTON, Confidential Informant T-4, of known reliability, has advised that RUTH LIPTON, 425 East 86th Street, New York City, in January of 1947 was a member of the Herman Bottscher Club, Communist Party, 350 East 81st Street, New York City.

On March 9, 1951 Confidential Informant T-5, of known reliability, advised that the check in the amount of \$1375.00, deposited to subject organization's bank account at the Amalgamated Bank of New York on February 1, 1951, was drawn by the Atlantic Coast Realty Corporation, 315 East 77th Street, New York City, on the East End Branch of the National City Bank of New York. This informant advised that the officers of the Atlantic Coast Realty Corporation are STANLEY D. LEVISON, President and ALICE R. LOEWI, Secretary-Treasurer.

NY 100-79709

On April 2, 1951 Confidential Informant T-6, of known reliability, advised that on March 1, 1951 the Twelfth-Thirteenth Realty Corporation issued check number 785 payable to subject organization in the amount of \$2150.00. This check represented payment, to subject organization, of \$1000.00 principal and \$1150.00 interest on a second mortgage which subject organization holds on the property and building at 35 East 12th Street, New York City. This check was deposited to the bank account of subject organization at the Amalgamated Bank of New York.

It should be noted that the Twelfth-Thirteenth Realty Corporation owns and operates the building at 35 East 12th Street which houses the Communist Party Headquarters and various Communist Party enterprises in New York City.

On March 29, 1951 Confidential Informant T-7, of known reliability, advised that DAVID FREEDMAN directed a letter to FREDERICK V. FIELD dated March 23, 1951 enclosing checks received by the Twelfth-Thirteenth Realty Corporation from various insurance companies in connection with windstorm damage to the property which occurred November 25, 1950.

These checks were made out to subject organization as well as to the Twelfth-Thirteenth Realty Corporation and the Margaret Folsom Corporation which corporation holds the first mortgage on the property at 35 East 12th Street, New York City.

FREEDMAN requested that FIELD endorse these checks for subject organization and return them to FREEDMAN.

It should be noted that FREDERICK VANDERBILT FIELD has been a prominent writer for the "Daily Worker," an East Coast Communist newspaper, and is active in Communist inspired organizations, according to LOUIS F. BUDENZ, former editor of the "Daily Worker."

According to Confidential Informant T-2 DAVID FREEDMAN is an attorney connected with the law firm of

NY 100-79709

Freedman and Unger and was instrumental in handling the fund relating to the defense of the twelve Communist leaders who were indicted in the Southern District of New York in 1948. In connection with this defense a bank account was set up at the Amalgamated Bank of New York under the title of "Communist Committee to Defend the Twelve" and FREEDMAN was one of the authorized signers to draw checks charged against this account.

Information contained in this report as furnished by Confidential Informant T-1, T-2, T-3, T-5 and T-6 is not to be made public except in the proceedings following the issuance of a subpoena.

- P E N D I N G -

NY 100-79709

ADMINISTRATIVE

INFORMANTS

The Confidential Informants referred to in the report of SAA JOHN H. KLEINKAUF, New York, dated August 10, 1951 are as follows:

T-1 JOHN DOUGHERTY, Chief Bookkeeper, Guaranty Trust Company, 140 Broadway, New York City contacted by SAA JOHN H. KLEINKAUF.

T-2 [redacted] contacted by SAA JOHN H. KLEINKAUF.

T-3 LOUIS GERBER, Vice-President, Corn Exchange Bank Trust Company, 12 Williams Street, New York City contacted by SAA JOHN H. KLEINKAUF.

FOIA(b) (7) - (D)

T-4 [redacted] contacted by SA CHARLES F. HEINER.

T-5 HOWELL EVANS, Comptroller's Department, National City Bank, 55 Wall Street, New York City contacted by SAA JOHN H. KLEINKAUF.

T-6 [redacted] contacted by SAA JOHN H. KLEINKAUF.

T-7 [redacted] contacted by SA HERBERT P. LARSON.

LEADS

NEW YORK

At New York, New York

Will continue to monitor subject organization's



NY 100-79709

ADMINISTRATIVE (Continued)

bank account at the Guaranty Trust Company, 140 Broadway, New York City.

Will continue to monitor subject organization's bank account maintained at the Amalgamated Bank of New York, 11 Union Square, New York City.

Miscellaneous

A check of the indices of the New York Office regarding STANLEY D. LEVISON, ALICE LOWE and the Atlantic Coast Realty Corporation failed to reflect any derogatory information concerning these names.

REFERENCE: Report of SAA JOHN H. KLEINKAUF, New York, 2/10/51.

# FEDERAL BUREAU OF INVESTIGATION

Form No. 1

THIS CASE ORIGINATED AT **NEW YORK**

FILE NO.

**GRG**

<b>REPORT MADE AT</b>  <b>NEW YORK</b>	<b>DATE WHEN MADE</b> <b>JAN 28 1952</b>	<b>PERIOD FOR WHICH MADE</b> <b>9/5/51; 10/1, 4, 31/51; 11/30/51; 12/3/51; 12/24/52</b>	<b>REPORT MADE BY</b>  <b>JOHN H. KLINKAUF (A)</b>
<b>TITLE</b>  <b>AMERICAN PEOPLES FUND, INC.</b>			<b>CHARACTER OF CASE</b>  <b>INTERNAL SECURITY - C</b>

**SYNOPSIS OF FACTS:**

No activity in subject organization's bank account at Guaranty Trust Co., N.Y.C., since 8/1/51. Balance as of 12/31/51 was \$1,636.98. Balance of subject organization's account at Amalgamated Bank of New York as of 12/31/51 was \$2,297.56.

- C -

**DETAILS:**

Confidential Informant T-1, of known reliability, has advised that there has been no activity in the bank account of subject organization at the Guaranty Trust Company, 140 Broadway, New York City, during the period from August 1, 1951 through December 31, 1951. The informant advised that the balance of this account as of December 31, 1951 remained at \$1,636.98.

On October 1, 1951, Confidential Informant T-2, of known reliability, advised that on September 1, 1951 the Twelfth-Thirteenth Realty Corporation issued check Number 924, in the amount of \$2,125.00, payable to subject organization, drawn on its account at the Manufacturers Trust Company, 32 University Place, New York City. This check was deposited to subject organization's account at the Amalgamated Bank of New York and was for payment of \$1,000.00 principal and \$1,125.00 interest on a second mortgage held by subject organization.

<b>APPROVED AND FORWARDED:</b>  <div style="border: 1px solid black; width: 100px; height: 30px; margin: 10px auto;"></div>	<b>SPECIAL AGENT IN CHARGE</b>	<b>DO NOT WRITE IN THESE SPACES</b>  <div style="font-size: 2em; font-weight: bold; text-align: center;">100-388355-✓</div> <div style="border: 1px solid black; padding: 5px; text-align: center; margin-top: 10px;"> NOT RECORDED 114 <b>FEB 14 1952</b> </div>
<b>COPIES OF THIS REPORT</b>  6 - Bureau (100-345143) 3 - New York (100-79709) J-374		<div style="border: 1px solid black; width: 100%; height: 100%;"></div>

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U. S. GOVERNMENT PRINTING OFFICE 16-59255-1

ORIGINAL FILED IN 100-345143-18

NY 100-79709

on the property and building at 35 East 12th Street, New York City.

It should be noted that the Twelfth-Thirteenth Realty Corporation was organized to purchase and operate a building for the National Office, Communist Party, United States of America, and Communist front organizations.

From information furnished by Confidential Informant T-3, of known reliability, the only pertinent item charged against the bank account of subject organization at the Amalgamated Bank of New York during the period from August 1, 1951 through December 31, 1951 was check number 36, dated October 26, 1951, in the amount of \$3,000.00. This check was payable to the Peoples Educational and Welfare Committee, and bore the notation "Loan to SHIRLEY GRAHAM, Treasurer". This check was endorsed for the committee by GRACE HUTCHINS, Secretary, payable to the order of SHIRLEY GRAHAM, Treasurer, National Committee for the Defense of Dr. W. E. B. DU BOIS and Associates in the Peace Information Center.

It should be noted that SHIRLEY GRAHAM is the wife of Dr. W. E. B. DU BOIS who was indicted with others by a Federal Grand Jury, Washington, D.C. in connection with their activities in the operation of the Peace Information Center, for violation of the Foreign Agents Registration Act. On November 20, 1951, Federal Judge, MATTHEW MC GUIRE, directed an acquittal in the Peace Information Center.

Regarding GRACE HUTCHINS, Confidential Informant T-4, of known reliability, advised that she is an old and trusted Communist Party member.

According to Confidential Informant T-3, the balance of subject organization's account at the Amalgamated Bank of New York as of December 31, 1951 was \$2,297.56.

Information set out in this report as being furnished by Confidential Informants T-1, T-2 and T-3 is not to be made public except in a proceedings following the issuance of a subpoena.

A review of the file concerning subject organization fails to reflect that subject organization is active to any great extent in supplying funds to the Communist Party or Communist Front Organizations.

- C L O S E D -

NY 100-79709

ADMINISTRATIVE

INFORMANTS

- T-1 JOHN DOUGHERTY, Chief Bookkeeper,  
Guaranty Trust Company, 140  
Broadway, New York City, contacted  
by SA(A) JOHN H. KLEINKAUF.
- T-2 Confidential Source [ ] contacted  
by SA(A) JOHN H. KLEINKAUF.
- T-3 Confidential Source [ ] contacted  
by SA(A) JOHN H. KLEINKAUF.
- T-4 NY-694-S contacted by SA(A) JOHN  
H. KLEINKAUF.

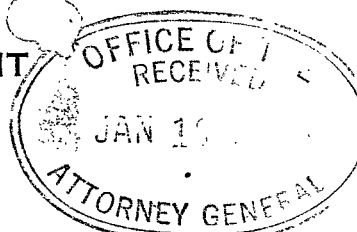
REFERENCE

Report of SA(A) JOHN H. KLEINKAUF, New York, 8/10/51.



# U. S. TREASURY DEPARTMENT

WASHINGTON 25



OFFICE OF  
COMMISSIONER OF INTERNAL REVENUE

ADDRESS REPLY TO  
COMMISSIONER OF INTERNAL REVENUE  
AND REFER TO

IT:AS:RI:P

JAN 15 1952

The Honorable

The Attorney General

John Simon ~~Guggenheim~~ Memorial Foundation, et al.

My dear Mr. Attorney General:

Reference is made to your letter dated January 4, 1952, addressed to the Secretary of the Treasury, which has been referred to this office for reply. You request, in connection with an official investigation being conducted by the Federal Bureau of Investigation, that the tax exemption Forms 990 and 990A filed since 1941 by John Simon Guggenheim Memorial Foundation, 551 Fifth Avenue, New York City and certain other organizations named in your communication be made available for review by Special Agents William G. Shaw and Foster M. Kunz in order to select the material of interest to the Federal Bureau of Investigation. You request further that two uncertified photostatic copies of the documents designated as being of interest to the Federal Bureau of Investigation by the above-mentioned Special Agents, be furnished that Agency.

The request is receiving attention and you will be further advised at an early date.

By direction of the Commissioner.

Very truly yours,

*E. J. McFarney*  
Deputy Commissioner

KEEP IN F. B. I. FILES

1/25/52 C78

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INDEXED - 35

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261 MAY 23 1963

FEDERAL BU. OF INV.	
DEPARTMENT OF JUSTICE	RECORD
JAN 17 1952	
RECORDS BRANCH	
FEDERAL BU. OF INV.	

JAN 30 1952  
16

File: 100-385355  
50 FEB 21 1952

HOUSE OF BENEVOLENT TRUST FUNDS PHILANTHROPIES AND ELEMOSYNARY INSTITUTIONS TO IMPLEMENT THE PROGRESS OF SUBVERSIVE GROUPS

SAC, Washington Field  
Director, FBI

February 20, 1952

100 - 385355-8

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EX - 28

USE OF BENEVOLENT TRUST FUNDS,  
PHILANTHROPIES AND ELEMOSYNARY  
INSTITUTIONS TO IMPLEMENT THE  
PROGRAMS OF SUBVERSIVE GROUPS  
INTERNAL SECURITY - C

ReBulet dated January 3, 1952.

The enclosed letter from the Deputy Commissioner  
of Internal Revenue E. I. McLarney to the Attorney General  
authorizes Special Agents William G. Shaw and Foster M.  
Kunz to proceed with the investigation outlined in the  
relet.

This matter should be handled promptly.

Enclosure

JAS:mb; rdm

- Tolson
- Ladd
- Nichols
- Belmont
- Clegg
- Glavin
- Harbo
- Rosen
- Tracy
- Mohr
- Tele. Rm.
- Nease
- Gandy

File

COMM - FBI  
FEB 20 1952

FEB 20 1952

MAILED 20

MAR 13 1952

7830  
fak



FEB 8 1952

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USE OF BENEVOLENT TRUSTS  
PHILANTHROPIES AND CHARITABLE MOSYNARY  
INSTITUTIONS TO IMPLEMENT THE PROGRAMS  
OF SUBVERSIVE GROUPS.

The Honorable

The Attorney General

John Simon Guggenheim Memorial  
Foundation, et al.

10-1  
1-1  
8-1  
3-1

My dear Mr. Attorney General:

Further reference is made to your letter dated January 4, 1952, addressed to the Secretary of the Treasury, requesting in connection with an official investigation being conducted by the Federal Bureau of Investigation, that the tax exemption Forms 990 and 990A, filed since 1941 by the following-named organizations be made available for review by Special Agents William G. Shaw and Foster M. Kunz in order to select the material of interest to the Federal Bureau of Investigation. You request further that two uncertified photostatic copies of the documents selected by the persons named above be furnished for the official use of your Department:

John Simon ~~X~~Guggenheim Memorial Foundation  
551 Fifth Avenue  
New York City

Julius ~~X~~Rosenwald Fund  
4901 Ellis Avenue  
Chicago, Illinois

~~X~~Twentieth Century Fund  
330 West 42nd Street  
New York City

~~X~~Rockefeller Foundation  
49 West 49th Street  
New York City

KEEP IN F. B. I. FILES  
2/28/52 675 ~~X~~Carnegie Corporation of New York  
522 Fifth Avenue  
New York City

~~X~~Carnegie Endowment for International Peace  
700 Jackson Place  
Washington, D. C.

~~X~~Ford Foundation

EX - 23  
Original to WFO  
with let 2-20-52  
Jas  
RECORDED - 59  
INDEXED - 59  
100-385355-8  
MAR 5 1952  
5-Jas

2 - The Attorney General

Permission is given Mr. William C. Shaw and/or Mr. Foster M. Kunz to inspect and receive copies of such of the tax exemption Forms 990 and 990A filed since 1941 as are of record in the Bureau for the years indicated, for the organizations involved.

This letter should be presented by Messrs. Shaw and Kunz in Room 7300, Internal Revenue Building, Twelfth Street and Constitution Avenue, Northwest, as their authority to inspect the returns.

By direction of the Commissioner.

Very truly yours,

(Signed) E. I. ROLAND  
Deputy Commissioner

OLD Jones/gbo-1  
1-29-52

## Office Memorandum • UNITED STATES GOVERNMENT

TO : MR. TOLSON

DATE: March 26, 1952

FROM : W. R. GLAVIN

SUBJECT:

Use of Benevolent Trust Funds

Tolson \_\_\_\_\_  
 Ladd \_\_\_\_\_  
 Nichols \_\_\_\_\_  
 Belmont \_\_\_\_\_  
 Clegg \_\_\_\_\_  
 Glavin \_\_\_\_\_  
 Harbo \_\_\_\_\_  
 Rosen \_\_\_\_\_  
 Tracy \_\_\_\_\_  
 Mohr \_\_\_\_\_  
 Tele. Rm. \_\_\_\_\_  
 Nease \_\_\_\_\_  
 Gandy \_\_\_\_\_

There is attached hereto H. Resolution 561, resolving that there is hereby created a select committee to be composed of seven Members of the House of Representatives to be appointed by the Speaker, one of whom he shall designate as chairman.

It is further stated in this resolution that the committee is authorized and directed to conduct a full and complete investigation and study of educational and philanthropic foundations and other comparable organizations which are exempt from Federal income taxation to determine which such foundations and organizations are using their resources for purposes other than the purposes for which they were established, and especially to determine which such foundations and organizations are using their resources for un-American and subversive activities or for purposes not in the interest or tradition of the United States.

Attachment  
 TDW:gcm

File: Use of Benevolent Trust Funds etc. *Suppression*

EX-99  
 INDEXED - 48  
 RECORDED - 48

100-385353-9  
 APR. 2 1952

64 APR 11 1952

100-385353

House Calendar No. 140

82D CONGRESS  
2D SESSION

H. RES. 561

[Report No. 1553]

IN THE HOUSE OF REPRESENTATIVES

MARCH 10, 1952

Mr. Cox submitted the following resolution; which was referred to the Committee on Rules

MARCH 18, 1952

Referred to the House Calendar and ordered to be printed

RESOLUTION

1 *Resolved*, That there is hereby created a select com-  
2 mittee to be composed of seven Members of the House of  
3 Representatives to be appointed by the Speaker, one of  
4 whom he shall designate as chairman. Any vacancy oc-  
5 curring in the membership of the committee shall be filled  
6 in the same manner in which the original appointment was  
7 made.

8 The committee is authorized and directed to conduct a  
9 full and complete investigation and study of educational and  
10 philanthropic foundations and other comparable organiza-  
11 tions which are exempt from Federal income taxation to  
12 determine which such foundations and organizations are using

100-385355-9

1 their resources for purposes other than the purposes for  
2 which they were established, and especially to determine  
3 which such foundations and organizations are using their re-  
4 sources for un-American and subversive activities or for  
5 purposes not in the interest or tradition of the United States.

6 The committee shall report to the House (or to the  
7 Clerk of the House if the House is not in session) on or be-  
8 fore January 1, 1953, the results of its investigation and  
9 study, together with such recommendations as it deems  
10 advisable.

11 For the purpose of carrying out this resolution the com-  
12 mittee, or any subcommittee thereof authorized by the com-  
13 mittee to hold hearings, is authorized to sit and act during  
14 the present Congress at such times and places within the  
15 United States, its Territories, and possessions, whether the  
16 House is in session, has recessed, or has adjourned, to hold  
17 such hearings, and to require, by subpoena or otherwise, the  
18 attendance and testimony of such witnesses and the pro-  
19 duction of such books, records, correspondence, memoranda,  
20 papers, and documents, as it deems necessary. Subpenas  
21 may be issued under the signature of the chairman of the  
22 committee or any member of the committee designated by  
23 him, and may be served by any person designated by such  
24 chairman or member.

House Calendar No. 140

82<sup>ND</sup> CONGRESS  
2<sup>ND</sup> SESSION

## H. RES. 561

[Report No. 1553]

# RESOLUTION

Creating a select committee to conduct an investigation and study of foundations and other comparable organizations.

By Mr. Cox

MARCH 10, 1952

Referred to the Committee on Rules

MARCH 18, 1952

Referred to the House Calendar and ordered to be printed

## Office Memorandum • UNITED STATES GOVERNMENT

TO : MR. A. H. BELMONT *ahb*  
 FROM : MR. W. V. CLEVELAND *WVC*  
 SUBJECT: TAX-FREE FOUNDATIONS  
 INTERNAL SECURITY - C

DATE: May 1, 1952

Tolson \_\_\_\_\_  
 Ladd \_\_\_\_\_  
 Clegg \_\_\_\_\_  
 Glavin \_\_\_\_\_  
 Nichols \_\_\_\_\_  
 Rosen \_\_\_\_\_  
 Tracy \_\_\_\_\_  
 Harbo \_\_\_\_\_  
 Belmont \_\_\_\_\_  
 Mohr \_\_\_\_\_  
 Tele. Room \_\_\_\_\_  
 Nease \_\_\_\_\_  
 Gandy \_\_\_\_\_

PURPOSE:

USE OF BENEFICENT TRUSTS, FOUNDATIONS  
 AND CHARITABLE INSTITUTIONS TO  
 IMPLEMENT THE PROGRAMS OF SUBVERSIVE  
 GROUPS

To record a telephone conversation with Dr. Bartlett  
 B. James, 3617 Idaho Avenue, N.W., telephone Woodley 3591,  
 wherein he furnished information regarding tax-free foundations. *Bayne*

DETAILS:

At 10:30 A.M. on May 1, 1952, Dr. James telephonically  
 contacted the writer, at which time he made reference to an article  
 in the Washington Post on May 1, which was headlined "Tax-Free  
 Foundations Face Subversion Quiz." Dr. James stated that a friend  
 of his, one Leonard Green, whom he did not further identify, was  
 an expert on South American matters who is used by the State  
 Department on occasions as a consultant. Two days ago Green  
 called Dr. James, at which time he advised him that an organization  
 with whom he, Green, was connected had applied to the Ford  
 Foundation to enlist its aid in South American matters relating to  
 the economic field. Green allegedly told Dr. James that he had  
 received a reply from the Ford Foundation stating that it was  
 awaiting word as to what was to be its tax status. He allegedly  
 felt that he had been given the brush-off by the Ford Foundation.  
 Dr. James could furnish no additional specific information but  
 mentioned a number of times that he was calling because he had  
 noticed that the article in the Post listed some foundations  
 as having furnished financial help to Communists or Communist  
 fronts. *135 A*

Dr. James has previously called the writer and has  
 periodically corresponded with the Bureau over a long period of time.  
 (94-3-4 sub 903, serial 8; 62-0, serial 23145, and 94-4-sub 424,  
 serial 2.)

ACTION:

None. It is recommended that this memorandum be  
 furnished to the Internal Security Unit for information.

WVC:mer

SE 8

MAY 10 1952

5 J. A. Sullivan

68 MAY 28 1952

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EX-135



Tolson \_\_\_\_\_  
 Ladd \_\_\_\_\_  
 Nichols \_\_\_\_\_  
 Belmont \_\_\_\_\_  
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 Glavin \_\_\_\_\_  
 Harbo \_\_\_\_\_  
 Rosen \_\_\_\_\_  
 Tracy \_\_\_\_\_  
 Laughlin \_\_\_\_\_  
 Mohr \_\_\_\_\_  
 Tele. Room \_\_\_\_\_  
 Nease \_\_\_\_\_  
 Gandy \_\_\_\_\_

## Tax-Free Foundations Face Subversion Quiz

By Murrey Marder  
Post Reporter

A special seven-member House Committee to investigate whether nonprofit foundations are using tax-exempt status for "Un-American" activities was named yesterday by Speaker Sam Rayburn.

The new committee, urged by Rep. E. E. Cox (D-Ga.), was authorized by the House on a vote of 194 to 158 after heated debate on April 4.

Its critics have charged it amounts to creating a subversion investigating group with an unlimited field of inquiry, empowered to put "ideas" on trial. Its supporters deny that.

Cox already has said that the Rockefeller Foundation, the Guggenheim Foundation, the Rosenwald Fund and the Robert Marshall Foundation have given financial help to Communists or Communist fronts.

Cox was named chairman of the special committee. Other members are Brooks Hays (D-Ark.), Donald L. O'Toole (D-N.Y.), Aime J. Forand (D-R. I.), Richard M. Simpson (R-Pa.), Angier L. Goodwin (R-Mass.), and B. Carroll Reece (R-Tenn.).

Rep. Jacob K. Javits (R-N. Y.) has said that "what is sought to be put on trial here before the proposed official committee are the social purposes which these organizations to be investigated are helping and nothing else." Many Democrats and Republicans made similar claims.

The resolution creating the committee authorizes it to investigate "educational and philanthropic foundations and other comparable organizations" which are tax-exempt.

It is empowered to determine if they "are using their resources for un-American and subversive activities or for purposes not in the interest or tradition of the United States."

A resolution which would create another special House committee, with broad powers to investigate material in "books, magazines, and comic books," was approved on Tuesday by the Rules Committee and is now before the House.

Sponsored by Rep. E. C. Gathings (D-Ark.), the resolution could apply to a vast area.

It would set up a nine-member committee to investigate literature "containing immoral, obscene, or otherwise offensive matter, or placing improper emphasis on crime, violence and corruption." The committee would determine if the distribution violates postal or other laws.

The principal target would be "the kind of filthy sex books sold at the corner store which are affecting the youth of our country," said Gathings. An amendment to include "advertising" of such literature is expected to be offered on the House floor.

Asked if the language would not also include the right to examine general literature, Gathings said there is no threat to "bonafide" literature.

The Rules Committee also has approved another resolution by Gathings which would direct the House Interstate Commerce Committee to determine the extent to which radio and television programs "place improper emphasis upon crime, violence, and corruption."

Page

Times-Herald \_\_\_\_\_

Wash. Post ☒

Wash. News \_\_\_\_\_

Wash. Star \_\_\_\_\_

N.Y. Mirror \_\_\_\_\_

N.Y. Compass \_\_\_\_\_

\_\_\_\_\_

Date: 5-1-52

100-385355-10  
5-jas  
SURE



# Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. A. H. Belmont

FROM : Mr. F. J. Baumgardner *FJB*

DATE: May 28, 1952

SUBJECT: USE OF BENEVOLENT TRUST FUNDS,  
PHILANTHROPIES AND ELEEMOSYNARY  
INSTITUTIONS TO IMPLEMENT THE  
PROGRAMS OF SUBVERSIVE GROUPS  
 INTERNAL SECURITY - C

Tolson \_\_\_\_\_  
 Ladd \_\_\_\_\_  
 Clegg \_\_\_\_\_  
 Glavin \_\_\_\_\_  
 Nichols \_\_\_\_\_  
 Rosen \_\_\_\_\_  
 Tracy \_\_\_\_\_  
 Harbo \_\_\_\_\_  
 Belmont \_\_\_\_\_  
 Mohr \_\_\_\_\_  
 Tele. Room \_\_\_\_\_  
 Nease \_\_\_\_\_  
 Gandy \_\_\_\_\_

## PURPOSE:

To report the results of a survey of the Form 990A, tax exemption certificates, filed with the Bureau of Internal Revenue by the John Simon Guggenheim Memorial Foundation, Julius Rosenwald Fund, Twentieth Century Fund, Rockefeller Foundation, Carnegie Corporation of New York, Carnegie Endowment for International Peace and the Ford Foundation.

## BACKGROUND:

You will recall that Representative Edward G. Cox of Georgia introduced a resolution in the House of Representatives on March 10, 1952, calling for an inquiry into the use of tax exempt funds by benevolent trusts, philanthropies and eleemosynary institutions. The purpose of this inquiry was to ascertain whether the funds of such organizations were being used to implement or subsidize the programs of subversive groups. Newspaper publicity in connection with the Cox Resolution indicated that the above-listed organizations would be the principal subjects of this inquiry.

## DETAILS:

In order to determine whether the Bureau of Internal Revenue files contained any information concerning the above-listed organizations that might indicate the necessity for investigating them, authority was secured from the Secretary of the Treasury to have Agents of the Washington Field Office review the tax exemption forms filed by these organizations.

The following is a brief summary of the survey conducted by the Washington Field Office in connection with this matter.

COPIES DESTROYED

261 MAY 23 1963

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60 JUN 12 1952

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EX-25

JUN 5 1952

1120

John Simon Guggenheim Memorial Foundation:

Grants of the John Simon Guggenheim Memorial Foundation are made to individuals rather than organizations. They usually consist in scholarships and specific bequests for special studies.

No information has been reported indicating that the foundation makes a practice of granting scholarships or fellowships to persons with subversive backgrounds. In the absence of such data no attempt has been made to review Bureau references on the extensive list of individual beneficiaries of foundation awards.

Julius Rosenwald Foundation:

The Julius Rosenwald Foundation was liquidated in accordance with the founder's instructions on June 30, 1948.

Twentieth Century Fund:

This fund was established in 1922 by the late Edward A. Filene. Its present program is confined to the publication of research studies prepared by its own staff concerning matters such as taxation, housing, labor relations, foreign trade, etc. There is no indication that this fund has endorsed or supported any subversive groups or programs.

Rockefeller Foundation:

Approximately 500 bequests are made annually by the Rockefeller Foundation for widely diversified purposes. Several beneficiaries of Foundation bequests have been the subject of controversy, notably the Institute of Pacific Relations. The background concerning these bequests is already a matter of record in Bureau files.

A great majority of the grants made by the Rockefeller Foundation have been to noncontroversial organizations for laudable purposes.

Carnegie Corporation of New York:

The contributions of the Carnegie Corporation of New York are largely made to schools, colleges and other educational institutions and associations. The purposes of

the grants made are specifically designated and usually consist in studies and activities that propose to improve man's knowledge or well being. Isolated grants such as those to the Institute of Pacific Relations have been questioned; however, such grants do not appear to be representative of the usual policy of the corporation.

Carnegie Endowment for International Peace:

The resources of the Carnegie Endowment for International Peace are applied to a plan of work which the trustees of the organization initiate and approve and to the support of a trained staff in the United States and abroad which carries out the organization's program.

Alger Hiss' affiliation with this organization caused it to be regarded as somewhat controversial, however, no information has been reported indicating that the organization or its officers, aside from Hiss, knowingly contributed to or supported the activities of subversive groups.

It is noted that John Foster Dulles is Chairman of the Board of Trustees of this organization.

Ford Foundation:

You will recall that in a memorandum to Mr. Ladd dated April 21, 1952, entitled "Ford Foundation, Information Concerning," a review of the material in Bureau files and in Internal Revenue files concerning the Ford Foundation was reported. This memorandum contained no information indicating that the Foundation was engaged in or sponsoring any activities of a subversive nature.

RECOMMENDATION:

It is recommended that no further action be taken in this matter since it does not appear that any of the above-listed organizations are consciously expending tax exempt funds in support of subversive groups or programs. It is not believed to be necessary or desirable to initiate investigations of any of these organizations at this time.

23450

# Office Memorandum • UNITED STATES GOVERNMENT

TO : DIRECTOR, FBI (100-385355)  
FROM : SAC, WFO (100-25136)

DATE: April 16, 1952

SUBJECT: USE OF BENEVOLENT TRUST FUNDS,  
PHILANTHROPIES AND ELEEMOSYNARY  
INSTITUTIONS TO IMPLEMENT THE  
PROGRAMS OF SUBVERSIVE GROUPS  
INTERNAL SECURITY - C

Reference is made to Bureau letters dated January 3, 1952, and February 20, 1952, captioned as above, requesting a review of Internal Revenue Bureau Forms 990 and 990A submitted since 1941 by the following trusts, philanthropies and eleemosynary institutions:

John Simon Guggenheim Memorial Foundation, 551 5th Avenue, New York City.

Julius Rosenwald Fund, 4901 Ellis Avenue, Chicago, Illinois.

Twentieth Century Fund, 330 West 42nd Street, New York City.

Rockefeller Foundation, 49 West 49th Street, New York City.

Carnegie Corporation of New York, 522 5th Avenue, New York City.

Carnegie Endowment for International Peace, 700 Jackson Place, Washington, D.C.

The Ford Foundation, 2612 Buhl Building, Detroit, Michigan.

In accordance with the Bureau's request all forms available at the Internal Revenue Bureau which were submitted by these organizations have been examined. The results of this review are set forth in the attachments submitted herewith pertaining to each of the organizations listed above.

It will be noted that in a number of instances information has been set forth which pertains to grants made to organizations and institutions which have not been cited by the Attorney General or the House Committee on Un-American Activities. In such instances this information is being reported because of its general intelligence value or because the indices of the Washington Field Office reflect significant information regarding

FMK:LEH  
Encls.

64 JUN 16 1952

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461 MAY 28 1963

WFO 100-25136

the officers or contacts of those organizations listed. In other instances information has been set forth because of the nature of the studies conducted and since it was recognized that the Bureau's indices might have pertinent information concerning the organizations receiving grants which is not available in the files of WFO.

Because of the voluminous nature of the forms and their attachments and the increased delay which would have been involved in obtaining two photostatic copies of the documents, only one photostatic copy of those documents selected for reproduction was obtained. The Internal Revenue Bureau delivered personally to Special Agents WILLIAM G. SHAW and FOSTER M. KUNZ the enclosed letter dated March 27, 1952, addressed to the Attorney General and the photostatic copies of the annual returns of the following organizations for the years indicated:

John Simon Guggenheim Memorial Foundation, Form 990A, 1950.

The Ford Foundation, Form 990A, 1950.

Julius Rosenwald Fund, Form 990, fiscal year ended June 30, 1947.

Twentieth Century Fund, Incorporated, Form 990, 1950.

Carnegie Endowment for International Peace, Form 990, fiscal year ended June 30, 1948.

Carnegie Corporation of New York, Form 990, fiscal year ended September 30, 1950.

Rockefeller Foundation, Forms 990, 1941 to 1950, inclusive.

All of the above are submitted to the Bureau herewith.

C.

FOIA (b) (1)



FOIA (b) (1)

*Use of Benevolent trust Philanthropies and Eleemosynary Institutions to implement the Programs of Subversive Groups*

# Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. Tolson

DATE: July 18, 1952

FROM : L. B. Nichols

SUBJECT: *USE OF BENEVOLENT TRUSTS, PHILANTHROPIES AND ELEEMOSYNARY INSTITUTIONS TO IMPLEMENT THE PROGRAMS OF SUBVERSIVE GROUPS*

*While Herbert Monte Levy of the American Civil Liberties Union was in my office on July 16, he advised he had learned the Cox Committee was about to launch an investigation of the Carnegie and Rockefeller Foundations, the Americans for Democratic Action, the Anti-Defamation League and the American Civil Liberties Union.*

cc: Mr. Ladd  
cc: Mr. Belmont

LBN:hmc

SE 38

INDEXED - 43

RECORDED-43

JUL 23 1952

65 AUG 4 1952

*File: Use of Benevolent Trusts, etc.*

100-385355

Tolson ☒  
Ladd ☒  
Clegg ☐  
Glavin ☐  
Nichols ☐  
Rosen ☐  
Tracy ☐  
Harbo ☐  
Mohr ☐  
Tele. Room ☐  
Nease ☐  
Gandy ☐

Congress of the United States  
House of Representatives  
Washington, D. C.

August 1, 1952

Mr. Tolson ☒  
Mr. Ladd ☒  
Mr. Nichols ☒  
Mr. Belmont ☒  
Mr. Clegg ☒  
Mr. Glavin ☒  
Mr. Harbo ☒  
Mr. Rosen ☒  
Mr. Tracy ☒  
Mr. Laughlin ☒  
Mr. Mohr ☒  
Mr. Winterrowd ☒  
Tele. Room ☒  
Mr. Holloman ☒  
Miss Gandy ☒

Honorable J. Edgar Hoover,  
Federal Bureau of Investigation,  
Washington 25, D. C.

Dear Mr. Hoover:

Enclosed is a copy of H. Res. 561, introduced by me, which was passed by the House on April 4th last.

I am personally very interested in the investigation authorized by this Resolution, and am hopeful that you can be of some assistance to the Select Committee created to do this work.

I had hoped to talk with you personally before Congress adjourned. However, the pressure of work in the final days of the session prevented my doing so. I wish you would do me the kindness of affording Mr. Harold M. Keele, General Counsel of the Committee, an opportunity to talk with you at your convenience in the near future. I have asked Mr. Keele to call your office within the next few days in order to make arrangements for an appointment, if this is possible. I should like Mr. Keele to have the benefit of any suggestions you may see fit to make in this connection.

Thanking you for your cooperation, and with best wishes, I am

Very sincerely yours,

E. E. Cox, M.C.

EEC/a  
Enclosure

RECORDED-109  
INDEXED-109

EX - 80

100-385355-14  
13 AUG 13 1952

EXPEDITE PROCESSING.  
AUG 4 1952

ORIGINAL FILED

82D CONGRESS  
2D SESSION

# H. RES. 561

## IN THE HOUSE OF REPRESENTATIVES

MARCH 10, 1952

Mr. Cox submitted the following resolution; which was referred to the Committee on Rules

MARCH 18, 1952

Referred to the House Calendar and ordered to be printed

APRIL 4, 1952

Considered and agreed to

## RESOLUTION

1 *Resolved*, That there is hereby created a select commit-  
2 tee to be composed of seven Members of the House of Repre-  
3 sentatives to be appointed by the Speaker, one of whom he  
4 shall designate as chairman. Any vacancy occurring in the  
5 membership of the committee shall be filled in the same  
6 manner in which the original appointment was made.

7 The committee is authorized and directed to conduct a  
8 full and complete investigation and study of educational and  
9 philanthropic foundations and other comparable organizations  
10 which are exempt from Federal income taxation to determine  
11 which such foundations and organizations are using their  
12 resources for purposes other than the purposes for which they  
13 were established, and especially to determine which such

112-335.355-14

1 foundations and organizations are using their resources for  
2 un-American and subversive activities or for purposes not in  
3 the interest or tradition of the United States.

4 The committee shall report to the House (or to the Clerk  
5 of the House if the House is not in session) on or before  
6 January 1, 1953, the results of its investigation and study,  
7 together with such recommendations as it deems advisable.

8 For the purpose of carrying out this resolution the com-  
9 mittee, or any subcommittee thereof authorized by the com-  
10 mittee to hold hearings, is authorized to sit and act during  
11 the present Congress at such times and places within the  
12 United States, its Territories, and possessions, whether the  
13 House is in session, has recessed, or has adjourned, to hold  
14 such hearings, and to require, by subpoena or otherwise, the  
15 attendance and testimony of such witnesses and the produc-  
16 tion of such books, records, correspondence, memoranda,  
17 papers, and documents, as it deems necessary. Subpenas  
18 may be issued under the signature of the chairman of the  
19 committee or any member of the committee designated by  
20 him, and may be served by any person designated by such  
21 chairman or member.

82<sup>ND</sup> CONGRESS  
2<sup>D</sup> SESSION

## H. RES. 561

### RESOLUTION

Creating a select committee to conduct an investigation and study of foundations and other comparable organizations.

By Mr. Cox

MARCH 10, 1952

Referred to the Committee on Rules

MARCH 18, 1952

Referred to the House Calendar and ordered to be printed

APRIL 4, 1952

Considered and agreed to

August 6, 1952

RECORDED-109  
EX-80

100-385355-14

Honorable E. E. Cor  
House of Representatives  
Washington, D. C.

My dear Congressman:

I wish to acknowledge your communication of August 1st. I, of course, will always be glad to see you as I have enjoyed so much the contacts we have had over the years.

I have made arrangements for Mr. Keele to talk to Mr. L. B. Nichols, one of my assistants, in the event I am not in the city when he calls as it now appears it will be necessary for me to be out of town for an indefinite period of time.

With best wishes and kind regards,

Sincerely,

J. Edgar Hoover

LBN:CMC

*CMC*

cc: Mr. Holloman

Tolson \_\_\_\_\_  
Ladd \_\_\_\_\_  
Nichols \_\_\_\_\_  
Belmont \_\_\_\_\_  
Clegg \_\_\_\_\_  
Glavin \_\_\_\_\_  
Harbo \_\_\_\_\_  
Rosen \_\_\_\_\_  
Tracy \_\_\_\_\_  
Mohr \_\_\_\_\_  
Tele. Rm. \_\_\_\_\_  
Nease \_\_\_\_\_  
Gandy \_\_\_\_\_

MAILED 10  
AUG 7 1952  
COMM - FBI

U.S. DEPT. OF JUSTICE  
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FBI  
RECEIVED MAIL ROOM

## Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. Tolson *V, m*

DATE: August 12, 1952

FROM : L. B. Nichols

SUBJECT: Use of Benevolent Trusts, Philanthropies,  
And Eleemosynary Institutions to Implement The Programs  
of Subversive Groups

Tolson	<input checked="" type="checkbox"/>
Ladd	<input checked="" type="checkbox"/>
Nichols	<input checked="" type="checkbox"/>
Belmont	<input checked="" type="checkbox"/>
Mohr	<input checked="" type="checkbox"/>
Glavin	<input type="checkbox"/>
Harbo	<input type="checkbox"/>
Rosen	<input type="checkbox"/>
Tracy	<input type="checkbox"/>
Mohr	<input type="checkbox"/>
Tele. Rm.	<input type="checkbox"/>
Nease	<input type="checkbox"/>

100-385355

Harold Keele, general counsel for the Cox Committee, which is investigating the activities of foundations, called at my office on August 11, accompanied by Tom Feeney, former Special Agent.

Mr. Keele outlined that he has full authority from his committee for the investigation which they are undertaking; that at the very outset they had made a firm determination that there would be no leaking of information to the press or any publicity emanating from the committee until such time as the committee either submitted a report or went into public hearings. They seriously doubt at this stage that there will be public hearings.

Keele told me confidentially that the committee was split and there had been considerable pressure generated from left-wing sources seeking to smear the committee and block its activities; however, this was not going to deter him from doing an honest job.

He outlined that in their preliminary studies they had found that the matter of foundations was nothing new; that in England they had to cope with the problem as early as 1818, and that in 1915 there was a big Congressional investigation of foundations in this country, which everyone has forgotten. He stated that there are some 1,000 foundations and the foundation idea has become somewhat of a racket and is used increasingly as a tax dodge.

Keele pointed out they have ascertained that there is one public relations firm in New York, named the American Foundation Information Service, 860 Broadway, whose chief official is Wilmer Shields Rich, who handles the public relations exclusively for all foundations. He suspected that by the time they completed their investigation the eyes of a lot of people would be opened on the operation of foundations and that many of the larger foundations probably would even be surprised themselves.

He stated that they are firmly convinced that in some instances foundations have been used to further subversive purposes; that in these instances they want to go into the matters thoroughly so that there can be a full exposure of these points. He stated

cc: Mr. Ladd  
cc: Mr. Belmont

LBN:hmc

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26 AUG 14 1952

FIVE



Memorandum to Mr. Tolson

August 12, 1952

that it is little realized how influential foundations have been; that the Carnegie Foundation, for example, has resulted in completely changing the educational approach; that the Ford Foundation openly announces it is out to change the world.

Keele stated that their purpose in coming to us was to enlist our cooperation and assistance. I asked him to indicate exactly what he had in mind. He stated that at this stage they did not know too much about subversive ramifications of foundations; that they would like to have any leads, any suggestions, any ideas as to where they could go and look for information.

At this point, I took occasion to advise Mr. Keele that it would not be possible for the Bureau to make available the contents of its files in the absence of a directive from the Attorney General; that I felt that if the committee wanted information from the Bureau then it would be preferable for committee representatives to take the matter up with the Attorney General. I told Keele that, as he knows, we of course had been very happy to check on their personnel; that we felt thoroughly justified in doing this; that this was a service that was separate and distinct from making available the contents of our files.

Keele stated that he had been in the U. S. Attorney's office back in 1926 in Chicago; that at that time the Bureau of course was not known as it is today and that he was amazed at the thoroughness of our investigative reports, which had been submitted to the committee on certain of their personnel. He stated that while it was highly improper he thought he could mention confidentially that inadvertently the reports on him had been mixed in with other reports and he had had an opportunity to read the report on his own investigation. He thought this was the best test as he knew pretty well what his own situation was; that our report on him was right down the line, very thorough, very complete and very honest, and he was thoroughly impressed with the quality of the Bureau's work.

Keele thoroughly understands our position on the matter of cooperation. He did ask, as a personal favor, if we could give him any information on the American Foundation Information Service as they felt that this would be an excellent place to start. I told Keele I, of course, would check and see what we had; that we could then decide what to do; that anything we did in this one instance was not to be regarded as a precedent. He thoroughly understands.

We have no record of Wilmer Shields Rich or the parent organization, Raymond Rich and Associates. Also, there is no record on the American Foundation Information Service. Accordingly,

Memorandum to Mr. Tolson

August 12, 1952

I advised Keele that we have never investigated these people.

I told Keele that I assumed, of course, that he was cognizant of information already available regarding the contributions of foundations to the Institute of Pacific Relations from the McCarran Committee. He was going to check on this. I also told him that considerable information was a matter of court record in connection with the foundation set up by William Vanderbilt Fields. I further suggested that he check with Congressional Intelligence and the Library of Congress, as well as the New York Times Index.

Feeney had in the course of the conversation asked whether we could not make public source information available. I told Keele and Feeney that, as Feeney very well knew, any public source information would come out of the files and that it would not be possible, even in this stance, to do this and this would also be a duplication since they agreed they would have Congressional Intelligence check.

I did point out to Keele and Feeney that I assumed they would go into such foundations as the 20th Century Fund, of which Max Lowenthal once was director; the Garland Fund and the like.

Keele impressed me very favorably. I think that he is out to do a constructive job. He would, of course, have to meet the approval of Congressman Eugene Cox and I would hazard the guess he would be exceedingly conservative. In the course of the conference, he pointed out if at any time their committee could be of service to the FBI, such as providing an answer to the activity of certain foundations contrary to the FBI, they would be glad to do this. This came up in a discussion on the Rockefeller grant to Cornell University for the study of the Federal Employee Loyalty Program, which resulted in the book by Professor Gellhorn which of course was critical of the FBI.

The following are the foundations in which they are primarily interested at this time and on which they wanted information if we could give it to them:

Carnegie Corporation of New York  
Carnegie Endowment for International Peace  
Carnegie Institution of Washington

Ford Foundation

John Simon Guggenheim Memorial Foundation

Robert Marshall Foundation

Memorandum to Mr. Tolson

August 12, 1952

National Institute of Arts and Letters


New School for Social Research

Rockefeller Foundation  
General Education Board  
Spellman Fund of New York

Julius Rosenwald Fund

Alfred P. Sloan Foundation

A memorandum is attached to the Attorney General and in line with my conversation with the Director on the telephone, in the event the Attorney General should call Mr. Ladd or myself regarding cooperation with the committee and should the Attorney General want to do it we will point out to the Attorney General the Director's feeling that we have got to draw the line on making available the contents of our files and that it is the Director's feeling the Attorney General should be very cautious before making any commitments for either the Department or the Bureau.



The Attorney General

August 12, 1952

Director, FBI

RECORDED

100-385355-15

For your information, Mr. Harold Keele, the Chief Counsel for the Cox Committee in the House of Representatives, called at the Bureau on August 11th and outlined the function of the Cox Committee. He stated the Committee was to make a study of the manner in which various foundations operate with a view of determining whether they had been infiltrated by subversive forces and whether their funds are being used to further subversive activities. Mr. Keele pointed out that it was the intention of the Committee to avoid undue publicity, that public hearings were not anticipated at this moment, and they contemplated giving no publicity to their investigation until they have submitted a report. Mr. Keele wondered how far the Bureau could go in the way of cooperating with the Committee by making information available from its files.

Mr. Keele was advised it would not be possible for the Bureau to divulge the contents of its files to the Committee inasmuch as the files were under the custody of the Attorney General. Mr. Keele stated he thoroughly understood, and in due time the Committee would probably communicate directly with you.

This is being brought to your attention in the event you receive an inquiry from the Committee and in order that you might know the position taken by the Bureau on this matter.

cc: Mr. Ladd  
Mr. Belmont

LBN:CMC

Tolson \_\_\_\_\_  
Ladd \_\_\_\_\_  
Nichols \_\_\_\_\_  
Belmont \_\_\_\_\_  
Clegg \_\_\_\_\_  
Glavin \_\_\_\_\_  
Harbo \_\_\_\_\_  
Rosen \_\_\_\_\_  
Tracy \_\_\_\_\_  
Mohr \_\_\_\_\_  
Tele. Rm. \_\_\_\_\_  
Nease \_\_\_\_\_  
Gandy \_\_\_\_\_

~~26 AUG 14 1952~~

MAILED 2  
AUG 13 1952  
COMM - FBI

66 AUG 28 1952

## Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. Tolson *V. m.*  
 FROM : L. B. Nichols

DATE: July 11, 1952

SUBJECT:

Tolson ☒  
 Ladd ☒  
 Clegg ☒  
 Glavin ☒  
 Nichols ☒  
 Rosen ☒  
 Tracy ☒  
 Harbo ☒  
 Alden ☒  
 Belmont ☒  
 Laughlin ☒  
 Mohr ☒  
 Tele. Room ☒  
 Nease ☒  
 Janis ☒

*5* While talking to Miss Arceneaux, secretary to Congressman Cox of Georgia, on other matters this morning she advised me the Congressman was very highly pleased by the Director's attitude in wanting to help their committee by investigating the applicants. She stated as I probably knew, Congressman Cox is one of our staunchest friends on the Hill and if at any time he could be of assistance all we had to do was to call on him. She stated with reference to the investigation of the Cox Committee applicants the Congressman was urged by trustees of several foundations to make an investigation.

LBN:CMC

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EX - 69100-385355-16  
62-72018-70

JUL 17 1952

## Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. Ladd

DATE: July 10, 1952

FROM : Mr. Rosen *Rosen*

SUBJECT: COLONEL GROVER C. DAVIS  
 JOSEPH C. KIGER  
 RUSSELL M. McFarland  
 MARY ERNESTINE SEARIGHT  
 SPECIAL INQUIRY  
 U. S. HOUSE OF REPRESENTATIVES

*COX COMMITTEE*

Tolson \_\_\_\_\_  
 Ladd \_\_\_\_\_  
 Clegg \_\_\_\_\_  
 Glavin \_\_\_\_\_  
 Nichols \_\_\_\_\_  
 Rosen \_\_\_\_\_  
 Tracy \_\_\_\_\_  
 Harbo \_\_\_\_\_  
 Belmont \_\_\_\_\_  
 Mohr \_\_\_\_\_  
 Tele. Room \_\_\_\_\_  
 Nease \_\_\_\_\_  
 Gandy \_\_\_\_\_

✓ Congressman E. E. Cox (D. Georgia), Chairman of the Select Committee To Investigate Foundations and Other Organizations has requested personnel investigations of the above-named persons similar to those previously requested on four other individuals last week.

From the information furnished in his letter of July 7, 1952, it appears that Davis, Kiger and McFarland are, at least at present, Washington, D. C. area residents and that Searight is a Chicago resident. SAC Hood of the Washington Field Office was furnished what little background information which was available in order that an investigation might get under way on these people as was ASAC John Malone, Chicago.

These offices were telephonically instructed at approximately 5:00 p.m., July 9, 1952, to immediately institute these investigations, develop necessary background information, set forth all leads indicated by telephone, confirming by teletype, and to have teletype summaries at the Bureau by the close of business July 15, 1952, to be immediately followed by reports.

In view of the speed required in these investigations and the paucity of the information furnished it is thought that the best interests of the Bureau would be served if the Field were allowed to contact the Cox Committee for additional background information and if such information is not available there to contact the subjects of the investigation for such information.

ACTION:

Unless advised to the contrary the Washington Field Office and the Chicago Office will be so instructed by telephone today.

RSP:pdw *pdw*RECORDED - 123 *100-385355-17*  
*62-73018-72*

EX-25

13

JUL 21 1952

*F100*  
 26 AUG 28 1952

UNRECORDED COPY FILED IN

## Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. Ladd

FROM : L. B. Nichols

SUBJECT: COLONEL GROVER C. DAVIS;  
JOSEPH C. KIGER;  
RUSSELL M. McFARLAND;  
MARY ERNESTINE SEARIGHT  
SPECIAL INQUIRY  
U. S. HOUSE OF REPRESENTATIVES

DATE: July 11, 1952

Tolson \_\_\_\_\_  
Ladd \_\_\_\_\_  
Nichols \_\_\_\_\_  
Belmont \_\_\_\_\_  
Clegg \_\_\_\_\_  
Glavin \_\_\_\_\_  
Harbo \_\_\_\_\_  
Rosen \_\_\_\_\_  
Tracy \_\_\_\_\_  
Mohr \_\_\_\_\_  
Tele. Rm. \_\_\_\_\_  
Nease \_\_\_\_\_  
Gandy \_\_\_\_\_

I finally got in touch with Miss Arceneaux in the office of Congressman E. E. Cox regarding the above-mentioned applicants who are the subjects of a special inquiry for the Cox Committee. In the future the Committee will have Form 57 executed and will send us copies of the form to simplify matters. The Committee does not have much information regarding the four above-mentioned individuals.

Miss Arceneaux stated what information they did have is as follows:

MARY ERNESTINE SEARIGHT

Miss Searight was born in Washington, Iowa, where she went to school. She worked in the office of Mr. Keele who has been appointed as the Counsel of the Committee and who has been the subject of an investigation. Prior to that, from 1923 to 1937, she worked in various law offices in Chicago and Washington, Iowa.

COLONEL GROVER C. DAVIS

Colonel Davis is a retired Army officer and previously worked for the Civil Service Commission. He was recommended to the Committee by Thomas Beale, the Assistant Counsel of the House Committee on Un-American Activities. Full details on Davis could be secured either at the Civil Service Commission or through Beale.

JOSEPH C. KIGER

From 1942 to 1946 he was an intelligence officer in the Marine Corps. We should be able to get full information from the Marine Corps

cc: Mr. Rosen

LBN:CMC

RECORDED - 123

EX-25

13 JUL 21 1952

26 AUG 25 1952

UNRECORDED COPY FILED IN

RUSSELL M. McFARLAND

Mr. McFarland was born in 1886 at Cambridge, Iowa. He went to the University of Michigan, graduating in 1909. He lives at the YMCA, 1736 G Street, N. W., and has been around Washington since the days of the Teapot Dome scandal and worked for the committee which investigated this scandal. He is a member of the National Press Club. Miss Arceneaux stated she felt little difficulty would be encountered in securing data on him.

Ohio?

Wm



## Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. Tolson

FROM : L. B. Nichols

SUBJECT: COX COMMITTEE

DATE: October 27, 1952

*such*

Former Special Agent E. C. Kennelly dropped by to advise that he is very much impressed with the manner in which the Cox Committee is proceeding with its investigation on the operation of Foundations throughout the country.

He stated they have prepared two basic questionnaires: Form A, for the large Foundations and Form B, for the smaller Foundations along with detailed instructions. Their preliminary information reflects that the operations of the Foundations present startling facts. Kennelly expressed the opinion that when they got to the hearing stage, disclosures would be not only interesting but would open a lot of eyes.

As a matter of possible guidance, Kennelly was wondering in a few limited cases whether we could furnish him public source information for lead purposes.

I told him that we could not furnish any information unless it was cleared through the Attorney General's Office.

He was not making any formal request but was merely exploring the matter.

I told him that if he had a name or two which tied into subversive matters, to let me know and we could see what could be done on an informal basis.

Attachments

LBN:ptm

*we should**not furnish**any information*

RECORDED - 63

100-385355-19

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13 DEC 19 1952

*2 - [unclear]**5 - [unclear]**[unclear]*

ENCLOSURE

1-2%

79 JAN 9 - 1953

## Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. D. M. Ladd

FROM : Mr. A. H. Belmont

SUBJECT: USE OF BENEVOLENT TRUST FUNDS,  
PHILANTHROPIES AND ELEEMOSYNARY  
INSTITUTIONS TO IMPLEMENT THE  
PROGRAMS OF SUBVERSIVE GROUPS  
 Internal Security - C

DATE: December 31, 1952

Tolson ☒

Ladd ☒

Nichols ☒

Belmont ☒

Clegg ☐

Glavin ☐

Harbo ☐

Rosen ☐

Tracy ☐

Mohr ☐

Tele. Rm. ☐

Nease ☐

Gandy ☐

SYNOPSIS:

Bureau policy and experience in the investigation of benevolent trust funds, philanthropies and eleemosynary institutions described. Policy in these matters requires specific investigation of organizations only in those instances where information has been reported indicating that Communists control the organizations or are primary beneficiaries of their grants. Experience has proven that information concerning controversial grants and activities of these groups have been reported to the Bureau through established sources.

The most feasible means of checking more closely on these organizations would require checks through Bureau files of their officers, employees and grantees and it is believed that the results of such checks would not be sufficiently productive to justify the expenditure of time that would be required. The field has been alerted to report any controversial grants or activities by organizations of this type and arrangements are being made to secure the reports of the Cox Committee and the detailed testimony of Louis Budenz before this Committee for review. This material is being furnished for your information.

PURPOSE:

To outline Bureau policy and describe Bureau experience in the investigation of benevolent trust funds, philanthropies and eleemosynary institutions.

BACKGROUND:

In a memo to Mr. Ladd dated December 30, 1952, captioned as above, Louis Budenz's testimony before the Cox Committee concerning Communists who received funds from tax exempt foundations was described. In connection with this memorandum, it was reported that this outline of Bureau policy in the investigation of benevolent trust funds, philanthropies and eleemosynary institutions was being prepared.

Attachments (3)

70 JAN 14 1953

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EX - 108

100-385355-20  
JAN 8 1953

DETAILS:

Specific investigations of benevolent trust funds, philanthropies and eleemosynary institutions have been undertaken only in those instances where information has been reported indicating that Communists control the organizations or are primary beneficiaries of their grants. Specific examples of organizations in this category are the American Peoples Fund, Inc., which was used by its President and principal supporter Frederick V. Field to finance various Communist activities and the Robert Marshall Foundation which has contributed funds to such groups as the California Labor School, Civil Rights Congress and the National Lawyers Guild.

The policy of the Bureau in this connection has been uniformly applied to all organizations without affording special consideration to any tax relief the groups may have sought under the Internal Revenue laws.

Over the years information has been reported in a number of instances concerning grants and activities of foundations which may be considered controversial; however, it was not believed desirable or necessary in these instances to investigate the grantor organizations. Examples of this type of activity are found in the grants of the Rockefeller and the Guggenheim Foundations and the Carnegie Corporation of New York to the Institute of Pacific Relations, the employment of Alger Hiss by the Carnegie Endowment for International Peace, the employment of Mary Van Kleeck by the Russell Sage Foundation and the appointment by the Rockefeller Foundation of Oscar Lange and Corliss Lamont as advisers.

Much of this activity occurred during World War II and immediately thereafter when the support of Communists and Communist front programs was more fashionable and less controversial than it is at present. Furthermore, such grants and appointments were found to represent only minor phases of the activities of these organizations and did not appear to be representative of the general policies and practices of the organizations.

Bureau experience in the investigation of the grantees of controversial foundation bequests such as the Institute of Pacific Relations has indicated that the grantees have exercised no control over the grantor organizations and the only use of a possible subversive character they could make of the grantors has been found in the expenditure of the funds received as grants. It is further noted that the funds expended were usually earmarked for particular studies or activities that were not in themselves subversive.

Existing Bureau sources were and are believed to supply sufficient information concerning foundations to indicate when further investigation of an organization is necessary; however, in order to explore the activities of such organizations more fully, seven organizations which have been criticized for their contributions to Communists and their activities were selected for a further check early this year. These organizations are the John Simon Guggenheim Memorial Foundation, the Julius Rosenwald Fund, the Twentieth Century Fund, the Rockefeller Foundation, the Carnegie Corporation of New York, the Carnegie Endowment for International Peace and the Ford Foundation.

The contributions for which these organizations claimed tax exemption privileges between 1940 and 1951 were identified in a review of Internal Revenue files and checked by the Washington Field Office to identify the known Communists and Communist causes they supported. The suspected grants it was discovered represented only a very minor phase of the activities of the organizations concerned and in every instance prior information concerning these grants was already found in the files of the Bureau.

Two memos to Mr. Belmont dated May 8, 1952 and April 21, 1952, respectively are attached reflecting the results of this survey.

✓ see file #12

100-385355-11 + 100-391697-2

On the basis of the survey, it is believed that the Bureau's position is sound in these matters; however, as an additional precaution the field has been alerted to report any questionable activities or grants by foundations which are reported to them.

The alternative to the established Bureau policy in these matters is to arrange to make preliminary checks of the names of the thousands of officers, employees and grantees of foundations through Bureau files in order to identify situations that may require further checking. It is believed on the basis of Bureau experience that this procedure will not prove productive nor will the results justify the tremendous amount of time involved.

The only additional step recommended in connection with the Bureau's coverage of these organizations is that the reports of the Cox Committee be thoroughly reviewed and analyzed when they are published.

ACTION:

Arrangements are presently being made to secure the reports of the Cox Committee and the detailed testimony of Louis Budenz before the Committee so they may be thoroughly reviewed and analyzed for information of interest to the Bureau.

RECOMMENDATION:

None, for your information.

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V.

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Just

## Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. D. M. Ladd

DATE: December 30, 1952

FROM : Mr. A. H. Belmont

SUBJECT: USE OF BENEVOLENT TRUST FUNDS,  
PHILANTHROPIES AND ELEEMOSYNARY  
INSTITUTIONS TO IMPLEMENT THE  
PROGRAMS OF SUBVERSIVE GROUPS  
INTERNAL SECURITY - C

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Tracy ☒  
Harbo ☒  
Belmont ☒  
Mohr ☒  
Tele. Room ☒  
Nease ☒  
Gandy ☒

SYNOPSIS:

The Director has inquired as to whether Louis F. Budenz advised the Bureau concerning the thirty individuals with Communist affiliations who were either officials or recipients of grants from tax-exempt foundations, to which facts Budenz testified before the Cox Committee on December 23, 1952. Budenz has now advised that he was shown lists of recipients of grants from the tax-exempt foundations and from these lists picked out thirty names of individuals that he had knowledge were subversive. He stated he did not know these individuals had received such grants and had furnished information of the Communist affiliations of these thirty to the Bureau previously. The Bureau has case files on all of the individuals identified by Budenz in his testimony and in those instances where grants from foundations or employment by such organizations were of possible significance in connection with an individual's Communist activities, this information appears in Bureau files. Examples in point are found in the investigations of Alger Hiss, Frederick V. Field and others. A memorandum is being prepared outlining the Bureau's policy in the investigation of benevolent trusts, philanthropies and eleemosynary institutions.

PURPOSE:

To answer the Director's inquiry as to whether Louis F. Budenz advised the Bureau concerning the thirty individuals with Communist affiliations who were either officials or recipients of grants from tax-exempt foundations, to which facts Budenz testified before the Cox Committee on December 23, 1952.

DETAILS:

Louis F. Budenz, on December 23, 1952, in testimony before the Cox Committee, which is probing possible subversive activities in the foundation field, listed thirty recipients of foundation grants and foundation officials who he stated were Communists or supporters of Communist front activity. Budenz has now advised that

ALL INFORMATION CONTAINED  
HEREIN IS UNCLASSIFIED  
DATE 2/1/86 BY 205,723

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he was presented with three lists when he appeared before the Executive Session of the Cox Committee, which lists had been prepared by representatives of the foundations. List one contained names of organizations to which grants had been made and which the foundations now believed to be subversive. List two was a list of individual recipients of grants who were now believed by the foundations to be subversive. List three contained a list of all individuals and organizations who have received grants. The Executive Session of the Committee gave the lists to Budenz and requested he go over them. From a review of these lists, Budenz stated he picked out the names of thirty individuals that he had knowledge were subversive. Budenz did not know up to this time these individuals had received grants from the foundations. He advised that he had previously furnished information to the New York Office and the Bureau concerning his knowledge that these individuals were subversive.

The Bureau has case files on all of the individuals named by Budenz and in those cases where grants from foundations or employment by such organizations appears to be of significance in connection with an individual's Communist activity this information is reflected in the Bureau's files. To mention a few specific cases in point the grants received by Langston Hughes, Alva Bessie and Hans Eysler have been reported as have the employment of Alger Hiss by the Carnegie Endowment for International Peace and the control exercised by Frederick V. Field over the American Peoples Fund.

It is noted that the Communists who have been the beneficiaries of such grants have in most instances exercised no control over the granting organizations and the only use of a possible subversive character they have been able to make of the foundations has lain in the expenditure of the funds they have received as grants. It should be further noted that these funds were usually earmarked for particular studies or activities that were not in themselves subversive when the bequests were made.

ACTION:

A memorandum is being prepared outlining the Bureau's policy in the investigation of benevolent trusts, philanthropies and eleemosynary institutions.

RECOMMENDATION:

None, for your information.

- 2 -

FROM

DO-7

OFFICE OF DIRECTOR, FEDERAL BUREAU OF INVESTIGATION

TO

OFFICIAL INDICATED BELOW BY CHECK MARK

Mr. Tolson \_\_\_\_\_  
Mr. Ladd \_\_\_\_\_  
Mr. Nichols \_\_\_\_\_  
Mr. Belmont \_\_\_\_\_  
Mr. Clegg \_\_\_\_\_  
Mr. Glavin \_\_\_\_\_  
Mr. Harbo \_\_\_\_\_  
Mr. Rosen \_\_\_\_\_  
Mr. Tracy \_\_\_\_\_  
Mr. Laughlin \_\_\_\_\_  
Mr. Mohr \_\_\_\_\_  
Mr. Winterrowd \_\_\_\_\_  
Mr. Holloman \_\_\_\_\_  
Miss Gandy \_\_\_\_\_

*This testimony  
should be carefully  
analyzed.*

See Me \_\_\_\_\_  
Note and Return \_\_\_\_\_  
For Your Recommendation \_\_\_\_\_  
What are the facts? \_\_\_\_\_  
Remarks: \_\_\_\_\_

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72 JAN 8 1953



## At House Probe

# Budenz Tags 30 Scholars, Fund Officials as Reds

By The Associated Press

WASHINGTON—Louis Budenz, former Communist party leader, swore Tuesday that 30 scholars or officials connected with educational foundations have been members of the Communist party.

Among them were such names as Dr. Linus Pauling, atomic scientist; Frederick Vanderbilt Field; Hans Eisler, Hollywood composer; and Dr. Walter Gelhorn, who Budenz said is now connected with Columbia University.

Budenz testified before a special House committee which is trying to determine whether the funds of tax free educational and philanthropic institutions are being used for subversive purposes.

Budenz was once managing editor of the Communist newspaper, The Daily Worker, but broke with the party in October, 1945, and is now on the faculty of Fordham University.

Since he renounced communism, he has been a frequent witness before congressional committees at investigations of subversive activities.

At Tuesday's hearing, Harold M. Keele, committee counsel, went down a list of names and asked whether Budenz knew the individuals. In each case, Budenz testified that he knew, either as a matter of personal knowledge or from official party documents, that the individuals had belonged to the Communist party.

Keele identified 23 of those named as recipients of foundation grants for advanced studies and seven as trustees or other officials.

Of the 30 persons, 11 were identified as associated with the Guggenheim Foundation, eight with the Rosenwald Fund, six with the Rockefeller Foundation, three with the Russell Sage Foundation and two with the Field Foundation.

Budenz swore that these persons were party members when he belonged:

Dr. Bernard Reiss, who recently was dismissed from Hunter College; Langston Hughes, Jack Conroy, Cary McWilliams, Alvah Bes-

sie, Earl Robinson, Isadore Schneider, Maxwell Stewart, the late Genevieve Taggard, formerly of Sarah Lawrence College, and Richard Wright, the author who later broke with the party.

All received fellowships from the Guggenheim Foundation. Dr. Pauling was identified as a member of the board which selects Guggenheim fellows.

Clark Forman, Shirley Graham, Pearl Primus, Thomas I. Emerson, a member of the Lawyer's Guild; John K. Fairbanks, a writer on the Far East; W. E. Dubois and Claude McKay, who have received fellowships from the Rosenwald Fund. Budenz identified Louise Branstein, one of the fund's trustees as "one of the angels of the Communist party."

Dr. Oscar Lange, former Polish ambassador to the United States, and Corliss Lamont, fellows of the Russell Sage Foundation, and Mary Van Kleeck, an official.

Hans Eisler, Dr. Walter Gelhorn, Lawrence K. Rossinger, and Thomas A. Bisson, Far Eastern writers, who received the grants from the Rockefeller Foundation; Doxie Wilkerson, a witness in the recent mass trial of Communist party leaders, and Dr. Ira Reid, identified as members of the foundation's general education board.

Budenz said he has met "as a Communist" several times with Frederick Vanderbilt Field, who is associated both with the Field Foundation and his own American Peoples Club. He also identified Louis S. Weiss, a lawyer and trustee of the Field Foundation, as a Communist.

Budenz said the Communist party had a special subcommission on foundations operating as part of an over-all cultural commission designed to penetrate all social fields, from the press to schools.

This is a clipping from  
Page 15 - A of the  
MIAMI HERALD  
Dated December 24, 1952

ENCLOSURE  
100-385355-21

*File: has of Rosenwald  
Trusts etc.*

*5-jas*

## Office Memorandum • UNITED STATES GOVERNMENT

TO : MR. EAMES *E*  
FROM : ~~MR.~~ G. P. RUNALDUE

DATE: 1-22-53

SUBJECT: SELECT COMMITTEE TO INVESTIGATE FOUNDATIONS  
AND OTHER ORGANIZATIONS  
82d CONGRESS 2d SESSION

## USE OF BENEFICENT TRUST FUNDS

There is attached hereto copies of the final report of this committee which are to be filed and indexed as enclosures of this memorandum.

RECOMMENDATION:

It is recommended that these reports be indexed and filed.

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100-385355-22  
ENCLOSURE

SELECT COMMITTEE TO INVESTIGATE  
FOUNDATIONS

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FINAL REPORT

OF THE

SELECT COMMITTEE TO INVESTIGATE  
FOUNDATIONS AND OTHER  
ORGANIZATIONS

(Pursuant to H. Res. 561, 82d Cong.)



JANUARY 1, 1953.—Committed to the Committee of the Whole House  
on the State of the Union and ordered to be printed

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UNITED STATES  
GOVERNMENT PRINTING OFFICE  
WASHINGTON : 1953

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65-228222-001

SELECT COMMITTEE TO INVESTIGATE AND STUDY EDUCATIONAL  
AND PHILANTHROPIC FOUNDATIONS AND OTHER COMPARABLE  
ORGANIZATIONS WHICH ARE EXEMPT FROM FEDERAL INCOME  
TAXATION

BROOKS HAYS, ARKANSAS, *Acting Chairman*

DONALD L. O'TOOLE, New York  
AIME J. FORAND, Rhode Island

RICHARD M. SIMPSON, Pennsylvania  
ANGIER L. GOODWIN, Massachusetts  
B. CARROLL REECE, Tennessee

HAROLD M. KEELE, *General Counsel*  
THOMAS J. FEENEY, *Staff Director*  
EDWARD C. KENNELLY, *Attorney*  
JOSEPH C. KIGER, *Director of Research*  
MARY E. SEARIGHT, *Clerk*

II

**LETTER OF TRANSMITTAL**

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HOUSE OF REPRESENTATIVES,  
*Washington, D. C., January 1, 1953.*

HON. RALPH R. ROBERTS,  
*Clerk of the House of Representatives,*  
*Washington, D. C.*

DEAR MR. CLERK: I submit herewith the final report of the Select  
Committee To Investigate Foundations and Other Organizations.

BROOKS HAYS, *Acting Chairman.*

iii

# Union Calendar No. 801

82d Congress } HOUSE OF REPRESENTATIVES { REPORT  
2d Session } No. 2514

## SELECT COMMITTEE TO INVESTIGATE AND STUDY EDUCATIONAL AND PHILANTHROPIC FOUNDATIONS AND OTHER COMPARABLE ORGANIZATIONS WHICH ARE EXEMPT FROM FEDERAL INCOME TAXATION

JANUARY 1, 1953.—Committed to the Committee of the Whole House on the  
State of the Union and ordered to be printed

Mr. HAYS of Arkansas, acting chairman for the Select Committee  
To Investigate and Study Educational and Philanthropic and Other  
Comparable Organizations Which Are Exempt From Federal In-  
come Taxation, submitted the following

### FINAL REPORT

[Pursuant to H. Res. 561, 82d Cong.]

#### COMMITTEE REPORT

Report of the select committee created by House Resolution 561,  
Eighty-second Congress, second session, to investigate and study  
educational and philanthropic foundations and other comparable  
organizations which are exempt from Federal income taxation.

The committee was saddened by the death, on December 24, 1952, of its chairman, Hon. E. E. Cox, of Georgia. While he did not have the opportunity of examining this report in its final form, the draft of the first half of the report was read to him by the counsel for the committee on the evening of December 22 and he approved it. The draft submitted to Mr. Cox, in manuscript, was adopted by the committee almost unchanged and is incorporated in this report in practically the identical form in which it was submitted to the chairman.

This committee was created and its powers and duties were defined by House Resolution 561, Eighty-second Congress, second session, adopted April 4, 1952. By the terms of the resolution the committee was authorized and directed to conduct a full and complete investigation and study of educational and philanthropic foundations and other comparable organizations which are exempt from Federal income taxation to determine which such foundations and organizations are using their resources for purposes other than the purposes for which they were established and especially to determine which such foundations and organizations are using their resources for un-American and subversive activities or for purposes not in the interest or tradition of the United States.

and to report not later than January 1, 1953, to the House of Representatives, or to the Clerk of the House if the House be not then in session, the results of its investigation and study together with such recommendations as it deems advisable.

The sum of \$75,000 was appropriated for the use of the committee by House Resolution 638, Eighty-second Congress, second session on July 2, 1952. Of this sum approximately \$25,000 will be returned unexpended.

In the course of its investigation the committee has (1) sent questionnaires to more than 1,500 organizations; (2) interviewed personally more than 200 persons deemed to possess pertinent information; (3) communicated by letter or telephone with approximately 200 additional persons, many of whom have established themselves in positions of achievement and competence; (4) heard the testimony of some two score persons; (5) received the prepared statements of approximately 50 other persons deemed to have some knowledge of the subject; (6) studied and analyzed thousands of pages of answers of foundations submitted in response to the questionnaires; (7) studied the available literature on foundations. The committee's findings and recommendations are based upon a consideration of the information and data assembled in the manner and by the methods stated.

FINDINGS AND CONCLUSIONS

1. NUMBER OF FOUNDATIONS, THEIR AGGREGATE CAPITAL AND INCOME

The committee was unable to arrive at any definite figures relative to the number of foundations, their aggregate resources, income, and expenditures. The 1950 Cumulative List of Organizations published by the Bureau of Internal Revenue lists more than 30,000 tax-exempt organizations. The number of these which can be classed as foundations varies according to the definition of a foundation. Estimates range as high as 32,500 under the broadest possible definition. For those organizations having a permanent endowment of \$50,000 or more and embarked upon a program of philanthropic giving the estimate was slightly more than a thousand with total assets of approximately \$2,600,000,000 and expenditures of approximately \$133,000,000 in 1950. Informed sources estimate the number of foundations having assets of \$10,000,000 to be between 60 and 100. This estimate excluded colleges, universities, and religious organizations. The committee was unable to obtain an Executive order, which would have permitted an examination of the returns required of tax-exempt organizations. A constructive effort which promises

to throw much light on these questions is now being made by the American Foundations Information Service, the results of which will be published in 1953.

It must be borne in mind that foundations range in size from the giants, such as the Ford and Rockefeller Foundations with assets of half a billion and 300 million, respectively, to those with no, or practically no, permanent endowment but with incomes from annual or sporadic contributions of a few hundreds or a few thousands of dollars. The committee knows of no manner in which even a reasonably accurate estimate of the aggregate assets, annual income, and expenditures of foundations can be obtained at the present time without (1) an Executive order permitting an examination of returns now filed with the Bureau of Internal Revenue, pursuant to the provisions of the tax laws, or (2) examination of these returns in the offices of the various directors of internal revenue where the returns are filed. The committee has received estimates which it considers reliable to the effect that all foundation expenditures aggregate only 3 cents of the annual American philanthropic dollar.

2. RATE OF GROWTH OF FOUNDATIONS

Despite the fact that there are notable foundations in foreign countries it may be said that modern foundations are confined largely to the United States and that they are the products of the last 50 years. While there has been a tremendous growth in the numbers of small foundations in the past 10 years it is unlikely that existing tax levies will permit the creation by individuals or families of large foundations (in the sense that the Ford, Rockefeller, and Carnegie Foundations are large) after the next 10 or 15 years. The small foundations which have mushroomed in the last decade are largely vehicles for the distribution of permissible tax-deductible philanthropies of modestly well-to-do individuals and families. There is a significant ground swell in the area of corporation giving with promise of the establishment of considerable numbers of sizable foundations to be established in the future by business corporations. Another significant development is to be found in the community trusts or foundations such as those in New York, Cleveland, Boston, and Chicago.

3. THE ROLE OF THE FOUNDATIONS IN MODERN SOCIETY

Foundations are almost as old as civilization. They were understood and used by the Egyptians, the Greeks, and the Romans. In one form or another they have played an important part in the development of the civilization of Western Europe. They have had their ups and downs. They have been regulated, abolished, reestablished. They remain today an important and vital force in American life and their influence is felt in Europe, Asia, and South America. While the important part they play and have played in palliative measures—that is, in relieving existing areas of suffering—must not be overlooked, their dominant and most significant function has been displayed in supplying the risk or venture capital expended in advancing the frontiers of knowledge. The large foundations are peculiarly well suited to play this role and it is doubtful if any other agency



could perform their part as well as they have performed and are performing it. With trained professional staffs drawing upon the knowledge gained through decades of experience, with the ability to attract and hold men of great competence both in their governing boards and their staffs, with large sums of money to back their judgments and with complete freedom to spend the money on calculated risks, they are able to do that which neither government nor individuals, nor even small foundations, could or probably should attempt. The record of their accomplishments gives ample proof of their value to civilization.

While the impact of the foundations upon modern society cannot be accurately gaged, it is safe to say that they have rendered great and significant services in many fields. Their contributions in the field of medicine and public health are too well known to require enumeration. The results of their campaigns against hookworm and yellow fever have been repeatedly told and extolled until they have become almost legendary. Less well understood but of great importance is the part played by foundations in raising the level of education in our colleges and universities, and, most strikingly, of elevating medical education in this country to a position of world eminence. In the field of the natural sciences, their contribution has been equally significant. In these days when an awareness of the needs for national security is uppermost in our minds we cannot fail to acknowledge our debt to the foundations for the assistance and support they have given to all branches of the natural sciences. Of recent years the foundations have given increasing support to the social sciences. This area of endeavor might be designated as the study of man's relationship to man. While the field has often proved controversial it is entirely possible that in a time when man's mastery over the physical sciences threatens him with possible extermination the eventual reward from the pursuit of the social sciences may prove even more important than the accomplishments in the physical sciences.

But these are not the only fields in which the foundations have given support and aid. They have pressed forward in the fields of international relations, public administration, and government, the humanities, race relations, the arts, adult education, recreation, and economics.

#### 4. PRESENT AND FUTURE NEED OF FOUNDATIONS

We have referred briefly to the past accomplishments of foundations and the importance of their role in modern-day life. It appears that the present need for foundations is even greater than it has been in the past and that there is great likelihood that the need will prove an increasing one in the future. Despite the vast sums being poured by Government into the various fields formerly occupied by foundations and into fields in which the foundations and Government are cotenants or at least coadventurers, the need for the basic research so largely supplied and supported by the foundations continues to increase. Every new headland of human knowledge which is won opens up new vistas to be explored. As each mountain peak of discovery is scaled, vast new areas are laid open to exploration. Aside from the pressing needs of national security there are ever-widening

and lengthening avenues of knowledge that require research and study of the type and kind best furnished or assisted by foundations. The foundation, once considered a boon to society, now seems to be a vital and essential factor in our progress.

On all points thus far raised there has been such a mass of provable data and such a unanimity of opinion among informed persons that the committee has no hesitancy in presenting its statements without qualification or reservation except where reservations were specified. It now approaches problems on which widely divergent views are held by responsible and informed persons. On some points the committee has little doubt; on others considerable.

#### 5. CRITICISMS OF FOUNDATIONS

The committee has striven to give careful attention to the major criticisms leveled at foundations. These criticisms have come from persons, groups, and organizations of widely different backgrounds and from all parts of the country. While some few complaints have been motivated by personal grudges or fanciful imaginings, the great proportion of them have come from well-meaning and sincere individuals or organizations whose integrity, loyalty, and patriotism cannot be questioned. The committee has earnestly endeavored to give sympathetic consideration to every communication, written or oral, to follow every lead which offered even slight promise of revelation, to acknowledge all letters and telegrams and to answer those where answers could be given. These complaints and criticisms, viewed broadly, raise the following questions:

1. Have foundation funds been diverted from the purposes established by the founders?
2. To what extent have foundations been infiltrated by Communists and Communist sympathizers?
3. Have foundation funds been channeled into the hands of subversive individuals and organizations, and, if so, to what extent?
4. Have foundations supported or assisted persons, organizations, and projects which, if not subversive in the extreme sense of that word, tend to weaken or discredit the capitalist system as it exists in the United States and to favor Marxist socialism?
5. Are trustees of foundations absentee landlords who have delegated their duties and responsibilities to paid employees of the foundations?
6. Do foundations tend to be controlled by interlocking directorates composed primarily of individuals residing in the North and Middle-Atlantic States?
7. Through their power to grant and withhold funds have foundations tended to shift the center of gravity of colleges and other institutions to a point outside the institutions themselves?
8. Have foundations favored internationalism?
9. To what extent are foundations spending American money in foreign countries?
10. Do foundations recognize that they are in the nature of public trusts and are therefore accountable to the public or do they clothe their activities in secrecy and resent and repulse efforts to learn about them and their activities?

11. Are foundations being used as a device by which the control of great corporations are kept within the family of the foundation's founder or creator?

12. To what extent are foundations being used as a device for tax avoidance and tax evasion?

In dealing with these questions the committee recognizes all too clearly that which must be apparent to any intelligent observer, namely, that it was allotted insufficient time for the magnitude of the task.

Four successive royal commissions sat over a period of 18 years while engaged in the task of investigating and reporting on 28,880 charitable trusts existing in England well over a century ago. This committee was given a similar task and directed to complete its work in the less than 6 months remaining after funds were appropriated for the work. It is obvious that the committee could not investigate thousands of organizations within the limitations of the time allotted. Expediency compelled focusing attention on a small segment of the whole. Individual attention was given to a small number of the largest foundations, but even here investigation could not be made with the thoroughness the committee desired. For example, the Rockefeller Foundation alone has made almost 30,000 grants—approximately 6,000 of which were in the form of scholarships awarded to individuals. The committee has endeavored to make as thorough a survey as time permitted. Its findings and conclusions must, under the circumstances, be general rather than specific. It has endeavored to bring into this inquiry such information as it could assemble and to apply to this information, incomplete though it is, its best judgment. With these observations the committee will attempt to deal with the following major questions raised by criticisms received:

1. *Have foundation funds been diverted from the purposes established by the founders?*

So far as we can ascertain there is little basis for the belief expressed in some quarters that foundation funds are being diverted from their intended use. There have been instances of such diversion but we believe that the criticism is unwarranted in the main. It has been suggested that the smaller foundations, particularly those established to receive the allowable annual deductions of an individual or family and having no endowment other than that accumulated from yearly contribution from the individual donor or his family, have sometimes been used to take care of members of the family or of family pensioners by placing them on the payroll as employees or by granting to needy relatives scholarships; if done by outright gift of the individual creating the foundations, these would not be deductible contributions. That this is possible must be conceded. That it is a widespread practice is doubted. Nevertheless it is a possible abuse which should be guarded against. The committee believes that public accounting would go far toward eliminating such abuses.

2. *To what extent have foundations been infiltrated by Communists and Communist sympathizers?*

3. *Have foundation funds been channeled into the hands of subversive individuals and organizations, and, if so, to what extent?*

Questions 2 and 3 will be considered together. There can be no reasonable doubt concerning the efforts of the Communist Party both

to infiltrate the foundations and to make use, so far as it was possible, of foundation grants to finance Communist causes and Communist sympathizers. The committee is satisfied that as long as 20 years ago Moscow decided upon a program of infiltrating cultural and educational groups and organizations in this country, including the foundations. The American Communist Party, following the program laid down in Moscow, went so far as to create a subcommittee of the Agit-Prop (Agitation-Propaganda) or Cultural Commission which gave specific attention to foundations. The aims were to capture the foundations where possible; and where this proved impossible, to infiltrate them for the purposes (1) of diverting their funds directly into Communist hands, and (2) procuring financial assistance for projects and individuals favorable to communism while diverting assistance from projects and individuals unfavorable to communism. A few small foundations became the captives of the Communist Party. Here and there a foundation board included a Communist or a Communist sympathizer. Occasionally a Communist managed to secure a position on the staff of a foundation or a staff member was drawn into the Communist orbit. Our investigation, hurried by lack of time, indicates that very few actual Communists or Communist sympathizers obtained positions of influence in the foundations. However, there are some unhappy instances where the committee is convinced infiltration occurred. There remains the ugly unalterable fact that Alger Hiss became the president of the Carnegie Endowment for International Peace. And this despite the fact that his nomination and election came about through the efforts of men of proven loyalty and broad experience in public affairs.

So far as the committee can learn, during his term as president of the Carnegie Endowment, Hiss took no official action to further the Communist cause.

There is also the indisputable fact that Frederick Vanderbilt Field became the secretary of the American Council of the Institute of Pacific Relations. The whole unhappy story of the IPR, which was largely supported by foundation funds, has been so fully revealed by the investigation of the McCarran committee that there is no need to make further reference to it here.

There have been other less dramatic incidents, few in number but startling in their implications. That the Communists succeeded in obtaining from the foundations financial aid and assistance for numerous members and sympathizers seems conclusive to the committee. In the aggregate, the number of such grants and the amounts involved are alarming. Proportionately, when viewed in the light of the total grants made, they are surprisingly small.

Despite the fact that in all but a very few cases these unfortunate grants were made prior to the time that the individual grantees were exposed by duly constituted Government agencies, the responsibility for proper selection rests upon the foundations, not the Government. The foundations should be alert to the dangers of this situation as a result of this experience. We are impressed with the fact, however, that most of these malodorous individuals were selected under political conditions very different from those that now exist and the decisions were taken in a political and emotional climate very different from the present.\*

There are certain other aspects to be considered which, if not a defense to the charge of laxity on the part of foundations, offer, at

least, an understandable explanation of what occurred. It has been pointed out that the foundations operate on the frontiers of knowledge. Those foundations granting fellowships are seeking intellectuality of the highest order. It has been said in these hearings that there is no necessary correlation between political sagacity and scientific eminence, and it also has been said that there is a correlation between academic eminence and political naïveté. Irrespective of whether these generalizations can be taken literally it may safely be said that many individuals of unusual talent, particularly artists, poets, novelists, playwrights, and musicians, are often nonconformists. That this is apt to be the case is illustrated by the record of the John Simon Guggenheim Memorial Foundation. The Guggenheim Foundation restricts itself to the granting of fellowships to individuals. This obviously renders it more vulnerable than those foundations which make all or a part of their grants to institutions or organizations; for these latter are more easily catalogued than the individual, and with greater accuracy.

This greater vulnerability is attested by an examination of the Guggenheim grants. Admittedly this foundation has done an outstanding job in its selection of fellows. Literally scores of its more than 2,000 fellows have made outstanding records, including 3 Nobel prize winners. Yet despite this notable record, 40 of its fellows have received unfavorable mention by established governmental agencies and 41 additional Guggenheim fellows have received 10 or more citations; this is sufficient to render them, in the committee's opinion, extremely bad risks.

The foundations, for the most part, have made no secret of their mistakes, and have stated frankly that in recent years they have recognized the increasing need to be constantly alert to avoid giving unintended aid to subversives.

The committee believes that on balance the record of the foundations is good. It believes that there was infiltration and that judgments were made which, in the light of hindsight, were mistakes, but it also believes that many of these mistakes were made without the knowledge of facts which, while later obtainable, could not have been readily ascertained at the time decisions were taken. It further believes that the foundations are aware of the ever-present danger and are exerting and will continue to exert diligence in averting further mistakes. While unwilling to say the foundations are blameless, the committee believes they were guilty principally of indulging the same gullibility which infected far too many of our loyal and patriotic citizens and that the mistakes they made are unlikely to be repeated. The committee does not want to imply that errors of judgment constitute malfeasance.

The committee feels that it should warn foundations against what it considers to be evidence of a willingness to disregard danger signals as exemplified in the testimony of one witness given before the committee during the hearings. Intellectual assurance, if pushed too far, may become intellectual arrogance with all the dangers it entails.

4. Have foundations supported or assisted persons, organizations, and projects which, if not subversive in the extreme sense of the word, tend to weaken or discredit the capitalistic system as it exists in the United States and to favor Marxist socialism?

This is the criticism most frequently made against foundations and it is the one urged with the greatest vehemence. If, for the purpose of this report, we treat the term "subversive" as synonymous with "communism" or "communist," or as applicable to the apparatus of communism, we can differentiate with greater exactitude between that which is definitely subversive and that which represents merely a criticism of the existing order or the advocacy of a change in the economic-political-social order by constitutional methods. Hereafter we shall treat the term "subversive" as characterizing the illegal and the conspiratorial and as being deeply inimical to this country, its traditions and its way of life. In the preceding paragraphs we have discussed the efforts of the Communists to capture, infiltrate, and influence foundations, and have indicated our view of the measure of success or failure their efforts met. We now pass to the question of whether the foundations have used their resources to weaken, undermine, or discredit the American system of free enterprise either by criticism, ridicule, or pale praise while at the same time extolling the virtues of the socialistic state.

The testimony does not establish this to be the case as to the foundation system in general. It has been established that some foundation funds have gone to the support of the Communist line or to proved Communists or Communist sympathizers, but where this occurred it is our belief that it occurred inadvertently or through the stealth and deceit of Communist "infiltrates." To these instances must be added those few isolated cases where foundations became captives of the Communist Party. What we are expressing here is our belief that the foundations, with the exception of the captive foundations noted above, have not deliberately thrown their support to the Marxist philosophy and against what we have come to regard as the American system of capitalistic free enterprise.

In refutation of our position will be cited the instances of foundation support for the Russian area studies at various universities, for the translation of Russian books, for studies in the social sciences deemed socialistic by some critics. We think the testimony given before the committee made clear the distinction between "study" of a subject and the "teaching" of it. The one embraces objective analysis. The other contemplates the advocacy of principles.

Area studies such as this should be made only after meticulous screening of those entrusted with the task and under constant safeguards.

The same reasoning must be applied to the new fields of inquiry in the social sciences which are receiving the support of foundations. Many of our citizens confuse the term "social," as applied to the discipline of the social sciences, with the term "socialism." And since the social sciences may be defined as the study of man's relationship to man, the problem of every man considering himself an expert in the field is ever present. Few individuals feel themselves qualified to express an expert opinion on nuclear fission or the value of isotopes

but most of us will not hesitate to express our opinions on such homely subjects as divorce, the causes for the increase in the cost of living, the psychological effect of segregation, the increase in juvenile delinquency, or the impact of television on the study habits of children. But these and other subjects within the orbit of the social sciences are proper subjects for objective study and analysis under conditions of control which give promise of revealing scientific facts.

The committee is impressed with the testimony of the foundations that their area of usefulness is to some extent in what they describe as controversial fields. In entering these fields, they knowingly invite criticism and thereby assume the calculated risks incident to exploring new fields of knowledge. They regard such risks as justified because of the great good that may evolve for mankind. The committee finds no fault with the general policy of the major foundations of promoting experiments designed to help men to live peaceably together, so long as they are conducted with devotion to the American tradition of freedom.

But there are additional arguments urged in favor of the foundations' work in the social sciences. Many studies in these fields have benefited government as well as business. Among these are studies of our national income, our markets, our productivity, our business cycles, the relationship between the productivity of the worker and the standard of living. It has been said in the hearings that the foundations, both in their conception and their work, give support to the capitalistic system. It seems paradoxical that in a previous congressional investigation in 1915 the fear most frequently expressed was that the foundations would prove the instruments of vested wealth, privilege, and reaction, while today the fear most frequently expressed is that they have become the enemy of the capitalistic system. In our opinion neither of these fears is justified.

5. *Are trustees of foundations absentee landlords who have delegated their duties and responsibilities to paid employees of the foundations?*
6. *Do foundations tend to be controlled by interlocking directorates composed primarily of individuals residing in the North and Middle Atlantic States?*

Questions 5 and 6 may be discussed more conveniently if grouped together. The idea that the office of trustee or director of a large foundation is a sinecure involving little work, enormous prestige, and not inconsiderable power which is traditionally delegated to the paid members of the staff seems to have obtained widespread acceptance. In part this idea is true but in larger part it is the child of misinformation. The position of trustee or director of one of the large foundations undoubtedly carries with it dignity and the badge of achievement. This is due not only to the prestige which foundations themselves enjoy in the public mind but also to the distinguished company of men who traditionally have held these positions of trust and responsibility. But the belief that a trustee has few if any duties connected with his office is contrary to all that this committee has been able to learn.

It appears that the duties and responsibilities of trustees of the large foundations are onerous to the point that they would seriously interfere with the work of the average businessman. As a group, trustees of the larger foundations are men of outstanding achievement,

broad interests, and proven competence who have demonstrated their capability for and willingness to assume heavy burdens of work. This latter qualification is an important one, and is well utilized by the foundations. Since many of the larger foundations have their headquarters in New York and since availability is an important consideration it is only natural that the great majority of trustees should come from New York and nearby areas. It is also understandable that the services of an outstanding man should be sought by more than one foundation and that we should therefore find a number of individuals serving on the board of more than one foundation.

Despite these considerations, all of which are persuasive, the committee feels that a wider geographical distribution would go far toward establishing greater public confidence in the foundations and would dispel much of the distrust which shelters under a traditional fear of Wall Street. It is also entirely possible that a sustained search for qualified individuals residing west of the Hudson River might assist the foundations to maintain the freshness of approach, flexibility, and breadth of vision for which they profess to strive. If, as the foundations maintain, and the committee believes, foundations are public trusts then the public in its widest sense, including the geographical, should be fairly represented.

This observation leads naturally to a question which has given the committee some concern. Since practically all foundation trustees serve without compensation and since the duties of the trustees of the larger foundations require considerable expenditure of time and effort, are not foundation trusteeships largely limited to the very wealthy, the retired, or the academic circles? The committee recognizes that there are arguments both pro and con with respect to compensation of trustees but it feels that the question posed is worthy of consideration by the foundations.

As to the delegation by trustees of their duties and responsibilities, the problem is basically the same one that confronts the directors of a business corporation. Both must rely in large measure upon their staffs. There is this one important difference, in the opinion of the committee. The trustees of a public trust carry a heavier burden of responsibility than the directors of a business corporation. In fairness it should be said that in the opinion of the committee this principle is fully recognized by the trustees of foundations and that they make a determined effort to meet the challenge.

7. *Through their power to grant and withhold funds have foundations tended to shift the center of gravity of colleges and other institutions to a point outside the institutions themselves?*

This question arises from a criticism which has come to the committee from persons well informed generally and situated in positions from which a strategic view of the situation can be had. The committee does not consider itself sufficiently well advised on this point to hazard a view.

8. *Have foundations favored internationalism?*
9. *To what extent are foundations spending American money in foreign countries?*

Questions 8 and 9 present common problems and are discussed together. While the expenditure of money in foreign countries might,



and of itself, be considered evidence of a bias toward internationalism, the committee does not feel that this is necessarily so. Those foundations which have made substantial foreign expenditures are frankly and openly in favor of international cooperation along cultural and educational lines. The Ford Foundation, for instance, has made the promotion of peace one of its major objectives and it believes this can best be achieved by international cooperation. To that end it has appropriated large sums of money for assistance to certain foreign countries and the bulk of this money is being spent in those countries where assistance is being given. The officials of the Ford Foundation have stated flatly that they believe the interests of the United States are being advanced by these expenditures and that if they did not believe they would not make the expenditures.

The Carnegie Endowment for International Peace is committed by the very purpose for which it was founded to international cooperation. To the extent that it implements its avowed purpose it is in a sense internationalist.

Mr. Rockefeller once said that he had made his money all over the world and that he wished it spent on behalf of mankind throughout the world. The Rockefeller Foundation has followed the founder's thinking in this respect and approximately one-third of its grants are spent abroad. However, the thinking behind these grants does not appear to be internationalist in the sense in which that term is usually used. The committee gathers that the Rockefeller Foundation is thinking internationally in terms of culture, education, and public health rather than in terms of politics. The quest for total elimination of yellow fever has carried it across international boundaries and into other continents. Once on the scent it cares not where the trail leads. These are but a few instances. We think it a fair statement to say that activities on an international scale and foreign expenditures in significant amounts are limited to only the very largest of the foundations. Some of the smaller foundations cross international boundaries in connection with the granting of fellowships and grants-in-aid.

Considering the picture as a whole, those foundations operating on an international scale are very few in number, but because they are well known and their expenditures comparatively great, the attention focused on their foreign activities is disproportionate. Those foundations which are concerned with internationalism along political lines appear to center their activities around projects which support the Government policy of participation in United Nations activities. All foundations deny participation in politics or political propaganda. The committee believes that these international activities and foreign expenditures of the foundations are motivated chiefly by consideration of the welfare of the American people and as such are entirely praiseworthy.

10. Do foundations recognize that they are in the nature of public trusts and are therefore accountable to the public or do they clothe their activities in secrecy and resent and repulse efforts to learn about them and their activities?

All foundations questioned have, without exception, stated that they consider themselves to be public trusts. At that point unanimity ceases. The larger foundations take the position that as public trusts

they are accountable to the public and that the public is entitled to know in detail about their resources, income, expenditures, personnel, and programs. Stated in the words of one of their trustees "foundations should not only operate in a goldfish bowl—they should operate with glass pockets." In short the larger foundations favor public accountability and public accounting. To this end most of the larger foundations publish detailed annual reports which are given wide distribution among the various media of mass communication, public libraries, schools, and colleges.

On the other hand, many of the small foundations, particularly those designed to receive the deductible contributions from individuals and privately owned corporations, oppose public accounting on the ground that they do not wish the public to know the amount of contributions made by the donor and his family, or by corporations owned or controlled by the donor. To a lesser extent many of the smaller foundations oppose public disclosure of their expenditures. They argue that public disclosure of contributions and expenditures will cause the abandonment of many of the small foundations now in existence and will discourage the formation of new small foundations.

The committee recognizes that public disclosure of the names of contributors and the amounts contributed to foundations might result in an unfortunate curb on philanthropic giving. It does feel, however, that such information should be made known to the Bureau of Internal Revenue where it would also be available to the appropriate committees of Congress. It feels also that full public disclosure should be made by such organizations of all grants made so that the public will be in a position to determine whether tax-exempt moneys are being used for the purposes for which these organizations were created.

11. Are foundations being used as a device by which the control of great corporations are kept within the family of the foundation's founder or creator?

12. To what extent are foundations being used as a device for tax avoidance and tax evasion?

The committee regards questions 11 and 12 as matters for the consideration of the Committee on Ways and Means. It therefore has made no attempt to find the answers to these questions. We feel the questions are of sufficient importance to warrant inquiry by the Ways and Means Committee and this committee wishes to make its files available to the Ways and Means Committee if the latter believes they will be of assistance to it.

The committee's recommendations are as follows:

1. Public accounting should be required of all foundations. This can best be accomplished by amendment of the existing laws in substantially the form herewith submitted as appendix A, to which we direct the attention of the Eighty-third Congress.

2. That the Ways and Means Committee take cognizance of our finding that the maintenance of private sources of funds is essential to the proper growth of our free schools, colleges, churches, foundations, and other charitable institutions. We respectfully suggest that the committee reexamine pertinent tax laws, to the end that they may be so drawn as to encourage the free-enterprise system with its rewards from which private individuals may make gifts to these meritorious institutions.

The Committee has received material assistance from numerous Government agencies, and especially from the Bureau of Internal Revenue, the Library of Congress, the Committee on Un-American Activities, the McCarran committee, the Office of Education, the Banking and Currency Committee, the Committee on Labor and Education, and the Federal Bureau of Investigation.

The committee wishes to acknowledge the cooperation afforded it by the foundations. There has been no instance of obstruction, delay or resentment on the part of the foundations.

The committee was fortunate in securing the services of Harold M. Keele, of Chicago, as general counsel. Upon his approval by the committee, Mr. Keele arranged to devote his full time to this study and has rendered an outstanding service in directing the surveys and legal inquiries necessary to carry out the mandate of Congress. The committee appreciates his devotion to this task and the excellent service which he has rendered.

The committee desires to give recognition to the able and unrelenting work of the following members of its staff:

- Thomas J. Feeney, staff director; Edward C. Kennelly, attorney; Joseph C. Kiger, director of research; Mary E. Searight, clerk; Edith M. Knight, administrative assistant; Russell McFarland, investigator; Roger H. Mudd and William H. Snape, Jr., research assistants; Sarah Jane Billingsley, Mary L. Taylor, and Clarence A. McGillen, Jr., clerical assistants.

The foregoing report is respectfully submitted this 1st day of January 1953.

BROOKS HAYS,  
*Acting Chairman.*  
DONALD L. O'TOOLE.  
AIME J. FORAND.  
RICHARD M. SIMPSON.  
ANGIER L. GOODWIN.  
B. CARROLL REECE.

(As pointed out and stressed in this report, the select committee has had insufficient time for the magnitude of its task. Although I was unable to attend the full hearing I feel compelled to observe that, if a more comprehensive study is desired, the inquiry might be continued by the Eighty-third Congress with profit in view of the importance of the subject, the fact that tax-exempt funds in very large amounts are spent without public accountability or official supervision of any sort, and that, admittedly, considerable questionable expenditures have been made.—B. CARROLL REECE.)

APPENDIX A

AN ACT To provide for public accountability by tax-exempt organizations, and other purposes  
*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That this Act may be cited as the "Public Accountability Act for Tax-Exempt Organizations," and  
That Section 153 of the Internal Revenue Code is hereby amended to read as follows:

"SECTION 153. Information Required From Certain Tax-Exempt Organizations and Certain Trusts.  
"(a) CERTAIN TAX-EXEMPT ORGANIZATIONS.—Every organization described in section 101 (6) which is subject to the requirements of section 54 (f) shall

furnish annually information, at such time and in such manner as the Secretary may by regulations prescribe, setting forth—

- (1) Its total contributions received during the year;
- (2) Its gross income for the year;
- (3) Its expenses attributable to such income and incurred within the year;
- (4) A breakdown of such expenses to show its administrative overhead, including the annual salaries of any trustees, directors, officers or employees receiving more than \$4,000.00 per year;
- (5) Its disbursements out of income within the year for the purposes for which it is exempt;
- (6) Its accumulation of income within the year;
- (7) Its aggregate accumulations of income at the beginning of the year;
- (8) Its disbursements out of principal in the current and prior years for the purposes for which it is exempt;
- (9) A balance sheet showing its assets, liabilities and net worth as of the beginning of such year;
- (10) A complete list of all contributors and amounts contributed during the year where the amounts of such individual contributions exceed \$200.00;
- (11) The names and addresses of all persons or organizations receiving grants during the year and the amount and general purpose of each such grant.

"(b) TRUSTS CLAIMING CHARITABLE, ETC., DEDUCTIONS UNDER SECTION 162 (a).—Every trust claiming a charitable, etc., deduction under section 162 (a) for the taxable year shall furnish information with respect to such taxable year, at such time and in such manner as the Secretary may by regulations prescribe, setting forth—

- (1) the amount of the charitable, etc., deduction taken under section 162 (a) within such year (showing separately the amount of such deduction which was paid out and the amount which was permanently set aside for charitable, etc., purposes during such year);
- (2) the amount paid out within such year which represents amounts for which charitable, etc., deductions under section 162 (a) have been taken in prior years;
- (3) the amount for which charitable, etc., deductions have been taken in prior years but which has not been paid out at the beginning of such year;
- (4) the amount paid out of principal in the current and prior years for charitable, etc., purposes;
- (5) the total income of the trust within such year and the expenses attributable thereto; and
- (6) a balance sheet showing the assets, liabilities, and net worth of the trust as of the beginning of such year.

"This subsection shall not apply in the case of a taxable year if all the net income for such year, determined under the applicable principles of the law of trusts, is required to be distributed currently to the beneficiaries.

"(c) INFORMATION AVAILABLE TO THE PUBLIC.—The information required to be furnished by subsections (a) and (b), with the exception of that required by subsections (a) (4) and (a) (10) above, together with the names and addresses of such organizations and trusts, shall be made available to the public at such times and in such places as the Secretary may prescribe.

"(d) PENALTIES.—In the case of a willful failure to furnish the information required under this section, the penalties provided in section 145 (a) shall be applicable. In addition exemption under section 101 (6) shall be denied for the taxable year."

EIGHTY-SECOND CONGRESS  
SECOND SESSION

E. E. COX, GA., CHAIRMAN

BROOKS HAYS, ARK. RICHARD M. SIMPSON, PA.  
DONALD L. O'TOOLE, N. Y. ANGLIER L. GOODWIN, MASS.  
AIME J. FORAND, R. I. B. CARROLL REECE, TENN.

HAROLD M. KEELE, GENERAL COUNSEL

Congress of the United States  
House of Representatives

SELECT COMMITTEE TO  
INVESTIGATE FOUNDATIONS AND OTHER ORGANIZATIONS

Room 104, House Office Building

Washington, D. C.

January 23, 1953

Mr. Tolson ✓  
Mr. Ladd ✓  
Mr. Nichols ✓  
Mr. Belmont ✓  
Mr. Clegg ✓  
Mr. Glavin ✓  
Mr. Harbo ✓  
Mr. Rosen ✓  
Mr. Tracy ✓  
Mr. Egan ✓  
Mr. Gurnea ✓  
Mr. Harbo ✓  
Mr. Mohr ✓  
Mr. Winterrowd ✓  
Tele. Room  
Mr. Holloman  
Mr. Sizoo  
Miss Gandy

Hon. J. Edgar Hoover  
Director  
Federal Bureau of Investigation  
Washington, D. C.

Cox Committee

Dear Mr. Hoover:

PAGE  
14

Before leaving Washington I should like to take this opportunity on behalf of the Committee and myself, of expressing appreciation for the assistance we received from the Federal Bureau of Investigation. You will note that in the enclosed copy of the report we acknowledged the assistance we had from you but I want to make it emphatic that the assistance you gave us was much greater than was reflected in the report.

I should also like to take this opportunity to bring to your attention the very excellent services rendered by two of your alumni, Tom Feeney and Ed Kennelly. I do not know how we would have accomplished our task without their able assistance and I think that the work they were able to do is a great tribute, not only to them, but to the training which they received from the F. B. I.

Sincerely,

Harold M. Keele

enclosure

RECORDED - 7  
INDEXED - 7  
7100-385355-23  
FEB 4 1953  
12

EXPEDITE PROCESSING

nmh  
ack. 1-29-53  
E. L. J.



100-385355-23

ENCLOSURE



~~X~~ SELECT COMMITTEE TO INVESTIGATE  
FOUNDATIONS

FINAL REPORT

OF THE

~~X~~ SELECT COMMITTEE TO INVESTIGATE  
FOUNDATIONS AND OTHER  
ORGANIZATIONS

(Pursuant to H. Res. 561, 82d Cong.)



JANUARY 1, 1953.—Committed to the Committee of the Whole House  
on the State of the Union and ordered to be printed

UNITED STATES  
GOVERNMENT PRINTING OFFICE  
WASHINGTON : 1953

27256

100-385355-23

RECORDED - 100-385355-23

INDEXED - 1

January 29, 1953

Mr. Harold M. ~~Keele~~  
Levinson, Becker and Peebles  
One North La Salle Street  
Chicago 2, Illinois

Dear Mr. Keele:

I was indeed pleased to receive your letter of January 23, 1953, as well as the final report of the Select Committee to Investigate Foundations and Other Organizations which you so thoughtfully submitted.

Your courtesy in writing is appreciated, and I want you to know that it is a pleasure for this Bureau to have had the opportunity to be of assistance to you and the members of this committee. I am happy to receive your kind words concerning former Special Agents Thomas J. Feeney and Edward C. Kennelly, and to learn that their services were of importance towards accomplishing the committee's task.

Sincerely yours,  
J. Edgar Hoover

NOTE: Page 14 of the final report of the above committee contains a statement by the committee thanking, in general, the various government agencies which were of assistance to the committee during its existence.

The address of Keele was obtained from the Information Desk, House Building. Correct name of firm per telephone directory.

Thomas J. Feeney, EOD 3-22-43 as SA, voluntarily resigned 6-20-52 as GS-13.

Edward C. Kennelly, EOD 6-26-40 as SA, voluntarily resigned 5-31-46 as GS-12.

JAN 30 1953

COMM-FBI

ELT:bjc

79 FEB 19 1953

A. H. Belmont

January 27, 1953

W. A. Branigan

ALGER HISS  
PERJURY; ESPIONAGE - R  
(74-1333)

LAURENCE DUGGAN  
ESPIONAGE - R  
(100-375480)

~~ALL INFORMATION CONTAINED~~

~~HEREIN IS UNCLASSIFIED~~

~~DATE~~

~~BY~~

DETAILS:

The former Cox Committee has been looking into Communist infiltration of foundations and other similar organizations. Former SA Tom Feeney, who has been employed with said Committee, advised Mr. L. L. Laughlin of the Bureau on 1-22-53, that in connection with his investigations he had occasion to interview Louis Budenz, who told him he knew Alger Hiss as a member of the Communist Party but under another name. Budenz also informed Feeney that he had not previously reported this information because it was something that had come to his mind during the Hiss trial. According to Feeney, Budenz stated that while having breakfast one morning during the Hiss trial he noticed in the same restaurant another individual who looked familiar. On thinking over the person Budenz stated it was Alger Hiss, whom he knew under another name in the Communist Party. Budenz also informed Feeney that Laurence Duggan was a concealed Communist.

On 12-16-48 Budenz advised New York that he had never met Alger Hiss but understood he was a member of the Communist Party connected with the Washington underground group. He did not state that he knew Alger Hiss as a member of the Communist Party under another name. A review of Duggan's main file and check of Bureau indices for any references to Duggan in the main files of Budenz and Alger Hiss reveals that Budenz has not advised the Bureau that Duggan was a concealed Communist. On 12-23-52, Budenz testified before the former Cox Committee. Press articles stated that Budenz tagged "30 scholars and fund officials as Reds." Names of Duggan and Alger Hiss not mentioned in articles. (100-375480; 74-1333; 100-63; 100-385355-21)

ACTION:

Tolson \_\_\_\_\_  
Ladd \_\_\_\_\_  
Nichols \_\_\_\_\_  
Belmont \_\_\_\_\_  
Clegg \_\_\_\_\_  
Glavin \_\_\_\_\_  
Harbo \_\_\_\_\_  
Rosen \_\_\_\_\_  
Tracy \_\_\_\_\_  
Laughlin \_\_\_\_\_  
Mohr \_\_\_\_\_

Although we are presently not interviewing Budenz freely, it is recommended that the attached letter be sent to New York instructing that Budenz be interviewed as soon as possible regarding the above information concerning Hiss and Duggan in view of the fact that both Hiss and Duggan are controversial figures.

Attachment

Tele. CC - 100-63 (Budenz)  
cc - 100-385355  
Holloman \_\_\_\_\_  
Gandy \_\_\_\_\_  
ASB:kc

7-17-86  
ALL INFORMATION CONTAINED  
HEREIN IS UNCLASSIFIED

DATE 7-17-86 BY 3042

100-385355-  
NOT RECORDED  
102 FEB 4 1953

67 FEB 10 1953

ACTION:

The above data furnished by Budenz was extracted from Feeney's memorandum merely for the purpose of placing it into the respective files of Hiss and Duggan.

W. A. Branigan

February 3, 1953

A. S. Brent

4  
ALGER HISS  
PERJURY  
ESPIONAGE - R  
(Bufile 74-1333)

LAURENCE DUGGAN  
ESPIONAGE - R  
(Bufile 100-375480)

0  
Use of Benevolent Trust Funds,  
Philanthropies and Elitism,  
Institutions & Implement Programs  
of Subversive Groups.

On 1-26-53, former SA Tom Feeney left several memoranda with Mr. Nichols for the Bureau's files. These memoranda were prepared by Feeney or E. C. Kennelly during the course of their work for the Cox Committee investigating Communist infiltration into Foundations. One memorandum pertained to Feeney's interview with Louis Budenz on Saturday, 11-1-52, and his interview with Budenz on 11-21-52. Budenz furnished Feeney the following information regarding Alger Hiss on 11-1-52:

"Regarding Alger Hiss, Professor Budenz suggested that we see his testimony before the House Un-American Activities Committee. He advised the writer that he knew Hiss as a Communist from official communications. Professor Budenz also told the writer this additional item, which he has not previously reported to any other investigative unit; Besides knowing Hiss as a Communist through official communications, Professor Budenz stated that he met Hiss somewhere under another name as a Communist. He does not recall where it was or what the name was that Hiss used. However, he is certain of the accuracy of his memory regarding the fact itself. In fact, Mr. Budenz told the writer that during the Hiss trial in New York, Budenz and his wife were having dinner at Longchamp Restaurant not far from St. Patrick's Cathedral. Suddenly, he noticed a familiar face in the dining room. It was Alger Hiss. Budenz knew then that he had seen Hiss before as a Communist under another name. Furthermore, their eyes met on this occasion and it was Budenz's distinct impression that Hiss recognized him from their prior meeting, although neither one made any outward movement to greet the other."

On 11-21-52, Budenz advised Feeney that Laurence Duggan, who died mysteriously in the last year or two, was known to Budenz personally as a concealed member of the Communist Party.

It is to be noted that Feeney orally furnished substantially the same data regarding Hiss and Duggan to Mr. Laughlin of the Bureau on 1-22-53. On the basis of this oral information, New York was requested, by letter dated 1-27-53, to interview Budenz for all information he possessed concerning Hiss and Duggan inasmuch as a file check revealed he had never disclosed the above data to Bureau agents when interviewed in the past.

68 FEB 10 1953

ALL INFORMATION CONTAINED  
HEREIN IS UNCLASSIFIED  
DATE 7-17-86 BY 3042

cc - 100-63 (Budenz)  
100-385355

# 205, 723

## Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. F. J. Baumgardner

DATE: February 24, 1953

FROM : J. A. Sullivan

SUBJECT: USE OF BENEVOLENT TRUST FUNDS,  
PHILANTHROPIES AND ELEEMOSYNARY  
INSTITUTIONS TO IMPLEMENT THE  
PROGRAMS OF SUBVERSIVE GROUPS  
INTERNAL SECURITY - C

The attached memorandum from Mr. Nichols to Mr. Tolson has been reviewed thoroughly. The substance of this material has been set forth in previous memoranda under the above caption.

Two copies of this material are being furnished to the New York Division for review and incorporation in future reports on individuals where necessary.

It is recommended that this material be filed as follows:

- (1) The original and one Photostat in the captioned file.
- (2) That one set of Photostats be broken up so the results of the interviews with the various witnesses may be placed in the witnesses' individual files.
- (3) It is further recommended that the original of this memorandum be thoroughly indexed by the files section for future reference.

JAS:jal

Tolson \_\_\_\_\_  
Ladd \_\_\_\_\_  
Nichols \_\_\_\_\_  
Belmont \_\_\_\_\_  
Clegg \_\_\_\_\_  
Glavin \_\_\_\_\_  
Harbo \_\_\_\_\_  
Rosen \_\_\_\_\_  
Tracy \_\_\_\_\_  
Mohr \_\_\_\_\_  
Tele. Rm. \_\_\_\_\_  
Nease \_\_\_\_\_  
Gandy \_\_\_\_\_

ENCLOS. ATTACHED

G.I.R. 3

RETURN TO

INDEXING DESK

9-11-86588.64/pal #269,781

#221,655

ALL INFORMATION CONTAINED  
HEREIN IS UNCLASSIFIEDDATE 12/16/82 BY SP5 NIA/vj  
5/2/86 SP6 BJA/CC #254,508

MAR 17 1953

RECORDED-1

FEB 25 1953

UNRECORDED COPY FILED IN

## Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. Tolson

DATE: January 26, 1953

FROM : L. B. Nichols

SUBJECT:

Tolson  
Ladd  
Nichols  
Belmont  
Clegg  
Glavin  
Harbo  
Rosen  
Tracy  
Laughlin  
Mohr  
Winterrowd  
Tele. Rm.  
Holloman  
Gandy

Former Special Agent Tom Feeney came by the office today and left several memoranda prepared by him or E. C. Kennelly during the course of their work for the Cox Committee investigating Communist infiltration into Foundations, which he thought we should have for our files.

The memoranda attached deal with interviews with Louis Budenz, Bella Dodd, Manning Johnson, Maurice Malkin, Elizabeth Bentley, Igor Bogolepov and Mortimer Graves. The printed copies of testimony have not been received as yet, however, arrangements have been made to furnish us with copies once they are received.

cc: Mr. Ladd  
Mr. Belmont

LBN:MP

#221,655  
ALL INFORMATION CONTAINED  
HEREIN IS UNCLASSIFIED

DATE 12/16/82 BY SP5njg/ry

5/2/86 SP6 BJA/GCL #254,508  
9-11-86 SP8 GJ/604 #269,781

ENCLOSURE

RECORDED-70  
INDEXED-70

FEB 25 1953

UNRECORDED COPY FILED IN

Director, FBI

February 11, 1953

SAC, San Francisco (94-636)

WILLIAM SHERIDAN, CHILDREN'S BUREAU;  
JOHN P. KENNEY, UNIVERSITY OF  
SOUTHERN CALIFORNIA;  
DAN G. PURSUIT, UNIVERSITY OF  
SOUTHERN CALIFORNIA;  
RESEARCH (CRIME RECORDS SECTION)

Re Bulet 1/29/53 wherein the Crime Records Section requested information concerning the Rosenberg Foundation.

Enclosed herewith are six copies of the report of SA WAYNE K. WELCH dated February 11, 1953, at San Francisco entitled "Rosenberg Foundation, Internal Security - C."

WKW:mmv

Encls. (6)

*Use of Benevolent Trusts, Philanthropies and  
Eleemosynary Institutions to Implement the  
Programs of Subversive Groups*

1 ENCL.

F191

67 MAR 9 1953

100-385353-  
NOT RECORDED  
MAR 4 1953

ORIGINAL COPY FILED IN 100-335729-7



# FEDERAL BUREAU OF INVESTIGATION

Form No. 1

THIS CASE ORIGINATED AT **SAN FRANCISCO**

REPORT MADE AT <b>SAN FRANCISCO</b>	DATE WHEN MADE <b>2/11/53</b>	PERIOD FOR WHICH MADE <b>2/3-6,9/53</b>	REPORT MADE BY <b>WAYNE K. WHIGH-RL</b>
TITLE <b>ROSENBERG FOUNDATION</b>			CHARACTER OF CASE <b>INTERNAL SECURITY-C</b>

**SYNOPSIS OF FACTS:**

~~CONFIDENTIAL INFORMATION - CONFIDENTIAL~~

Rosenberg Foundation established in 1939 by MAX ROSENBERG, deceased, founder of Rosenberg Brothers and Company, a dried fruit firm. Organization is non-profit and tax exempt. Is primarily concerned with child welfare and grants to organizations are determined by a nine-member board of directors. Activities are restricted to California. Foundation contributed approximately one and one-quarter million dollars to 192 separate groups from 1937-1949, inclusive. Grants from 1942-1946 included a total of \$64,365 to Bay Area Council Against Discrimination, American Russian Institute, California Labor School, American Council on Race Relations, San Francisco Council for Civic Unity, and Northern California Union Health Committee, organizations either infiltrated or dominated by Communist Party. Identity of present and past members of Board of Directors not forth. LOUISE BRANSTEN, wealthy Communist, was member of Board of Directors from 1946-1951, and was able to obtain grants for the aforementioned organizations. BRANSTEN then attempted to obtain control of Foundation through selection of members of the Board of Directors. San Francisco T-29 advised in 1949 that BRANSTEN reportedly has not participated in Foundation affairs for several years prior to that date. Informants express belief Foundation is presently a well intentioned philanthropic body.

-C-

~~CONFIDENTIAL INFORMATION - CONFIDENTIAL~~

APPROVED AND FORWARDED:	SPECIAL AGENT IN CHARGE	DO NOT WRITE IN THESE SPACES
COPIES OF THIS REPORT  6 Bureau (Registered) 3 San Francisco (100-24730)		<div style="text-align: center; margin-top: 20px;">ENCLOSURE</div>

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★ U. S. GOVERNMENT PRINTING OFFICE 10-59255-2

ORIGINAL COPY FILED IN 100-335739-7

S. F. 100-24730

DETAILS: AT SAN FRANCISCO, CALIFORNIA

HISTORY OF ROSENBERG FOUNDATION

CLAIRE DAVIS, a staff member of the Rosenberg Foundation, Room 911, 210 Post Street, made available to San Francisco T-1, of known reliability, on February 5, 1953, a 38 page, paper bound, booklet entitled "Rosenberg Foundation, 1937--1946", which described the function of the Foundation during that period. DAVIS noted that a similar pamphlet summarizing the Foundation's activity from 1946 to date will be prepared in the near future. She informed SF T-1 that the Foundation's grants since 1948 have been limited to child welfare projects.

The aforementioned booklet reflects that the Rosenberg Foundation was established in 1936 by the late MAX ROSENBERG, one of three brothers who founded the firm of Rosenberg Brothers and Company. The Foundation is a non-profit, tax exempt group. The legal basis for the Foundation was established in ROSENBERG's will, and the Foundation is interested in the betterment of social conditions through encouraging citizens, groups and communities to work toward that aim. The general field of the Foundation is community health, education and recreation, with special emphasis on children.

The trustees to form the initial corporation were designated by MAX ROSENBERG from among his relatives and business associates. The bylaws they later approved permitted an increase in the size of the Board of Directors of the Foundation. The bylaws as amended provide for a board of nine members, self elected for three year terms. The activities of the Foundation are restricted to the State of California. Shortly after its formation, the Foundation concluded that it would not employ a technically trained staff to conduct research or to direct projects which the Foundation might finance. If research seemed desirable, funds would be granted to an appropriate group which gave evidence of some ability to implement the findings into action. Direction of the projects would then become the obligation of the sponsoring grantees. The booklet reflects that a small foundation staff is thereby able to carry out the necessary business activities, coordinate the different grants, and confer with groups or individuals interested in discussing plans for possible support.

The aims and objectives of the Foundation EXCLUDE the following:

1. Programs which are not either wholly or partially in California.
2. Contributions to the building or running expenses of schools, churches, hospitals, or community buildings.
3. Grants or loans to individuals.
4. Contributions to loan or endowment funds.

S.F. 100-24730

5. Contributions to regular administrative budgets of agencies already in operation.
6. Programs designed primarily to influence public opinion on social or political questions--(although it is recognized that Foundation-supported activities may influence thinking on controversial issues).

The identity of groups receiving grants from the Foundation from 1937 to 1946, including the amount disbursed to each group, is listed on Pages 30 through 37 inclusive, of the aforementioned booklet. 127 organizations received grants during that period.

Page 38 of the booklet listed the following total record of disbursements from 1937 to 1946 inclusive:

RECORD OF DISBURSEMENTS  
1937--1946

Type of Grant	Number of Separate Groups Receiving Grants		Total
1. Health			\$ 208,283
Medical Research	5	\$106,000	
Medical Care	9	74,763	
Health Education	10	<u>27,534</u>	
2. Intergroup Understanding	17		99,490
3. Community Planning			137,375
Planning groups	5	\$ 49,675	
School-community leadership	3	30,800	
Community centers	12	38,750	
Community recreation	12	<u>18,150</u>	
4. Formal Education			232,591
Curricula and training	3	\$ 10,050	
Special courses	9	103,300	
Child care	14	68,229	
Fellowships and recruitment	7	<u>51,012</u>	
5. Voluntary Welfare Service			60,800
Family counseling	4	\$ 45,500	
Handicapped	4	<u>15,300</u>	

S.F. 100-24730

Type of Grant	Number of Separate Groups Receiving Grants	Total
6. Miscellaneous	6	\$ 9,956
7. Special War Services	<u>7</u>	<u>18,686</u>
TOTAL	127	\$ 767,181

The booklet reflects that if the total amount used for the completion of the project was less than the amount approved, the smaller sum was used in the above record.

The records of San Francisco T-2, of known reliability, contained in February, 1953, a seven-page mimeographed pamphlet entitled "List of Grants Since Publication of the 1937-1946 Report" which was prepared by the Rosenberg Foundation prior to 1949. The pamphlet itemized individual grants which had been made to sixty-five organizations and a summary of the data contained therein is set forth below:

Type of Grant	Groups Receiving Grants	Amount
Health	6	\$ 29,688.50
Intergroup Education & Programs	12	61,115.00
Community Planning	18	187,019.93
Formal Education	20	127,952.00
Voluntary Welfare	7	62,538.66
Miscellaneous	<u>2</u>	<u>25,778.00</u>
TOTAL	65	\$ 497,092.09

It is noted that the aforementioned booklet and pamphlet reflect that the Rosenberg Foundation has made grants of one and one-quarter million dollars to 192 separate organizations from the date of its inception from 1936 to 1949.

The October 28, 1947 issue of the "San Francisco News" reflects that negotiations were then under way for the sale of the thirty million dollar Rosenberg Brothers and Company firm to Consolidated Grocers of Chicago, Illinois. The article reflected that the Rosenberg Company, one of the largest in the world in its field, packs dried fruit and nuts and grows rice. The article reflected that the stock of the company was owned one-third by the Rosenberg Foundation; one-third by ARTHUR OPPENHEIMER, President of the Company and one-third by Mrs. LOUISE R. BRANSTEN, daughter of the founder of the firm.

BAY AREA COUNCIL AGAINST DISCRIMINATION

The aforementioned booklet reflects that \$1500 was granted to the above captioned council beginning in 1942, for the purpose of providing partial support of a total program of organization.

San Francisco T-3, of known reliability, reported on January 4, 1943, that RUDY LAMBERT, Communist Party functionary in San Francisco, stated that the Communist Party started the Bay Area Council Against Discrimination (BACAD). San Francisco T-3 observed that LAMBERT commented that the Party did not control the organization due to its size. LAMBERT indicated that the Communist Party (CP) wanted to make the BACAD function in a manner in which it would be valuable to the Party.

In a report dated July 11, 1942, San Francisco T-4, another Government agency, advised that the BACAD was a Communist front organization.

AMERICAN RUSSIAN INSTITUTE

The aforementioned booklet reflects that a total of \$6000 had been granted to the American Russian Institute (ARI) beginning in 1944, for a special project to prepare teaching materials on the Soviet Union for use in elementary schools. The ARI has been cited by the Attorney General as a subversive organization.

CALIFORNIA LABOR SCHOOL

The aforementioned booklet reflects that a total of \$16,000 was contributed to the California Labor School (CLS) beginning in 1945, for the purpose of developing a program in industrial relations. The CLS has been cited as a subversive organization by the Attorney General.

AMERICAN COUNCIL ON RACE RELATIONS

The aforementioned booklet reflects that the Foundation granted \$5000 to the above captioned council beginning in 1946, for partial support of a total program of a western regional office.

San Francisco T-5, of known reliability, advised in May, 1947, that the American Council on Race Relations (ACORR) was then a subscriber to the "Daily People's World", a West Coast Communist newspaper.

San Francisco T-6, of known reliability, advised on January 21, 1945, that FRED FINE, subsequently Secretary of the CP District 8, and KATHERINE HOLINGREN, reportedly a CP member, were scheduled to confer with JUNE BLYTHE at the headquarters of the ACORR in Chicago. SF T-6 was unable to ascertain the nature of the meeting. The January, 1945 issue of the American Council on Race Relations News Letter lists JUNE BLYTHE as Acting Director of the Information Service of the ACORR.

S.F. 100-24730

San Francisco T-7, of known reliability, advised that in November, 1944, L. HOWARD BENNETT of the ACCRR contacted JOSEPHINE NORDSTRAND of the Wisconsin State Conference on Social Legislation to confer on the housing situation in the Sixth Ward in Milwaukee. SF T-7 observed that JOSEPHINE NORDSTRAND was then a member of the State Executive Committee of the Communist Political Association in Wisconsin. The aforementioned news letter described BENNETT as a member of the Community Services Field Staff of the ACCRR.

SF T-6 advised on July 2, 1945, that JUNE BLYTHE of the ACCRR had recently furnished a newspaper story to the "Daily Worker", East Coast Communist newspaper.

San Francisco T-8, of known reliability, advised on March 16, 1946, that A. A. LIVERRIGHT, Executive Director of the ACCRR, planned to furnish a press release to ISHMAEL FLORY of the Southside Section Headquarters of the CP in Chicago.

#### SAN FRANCISCO COUNCIL FOR CIVIC UNITY

The aforementioned booklet reflects that a total of \$22,240 was granted to the above captioned council beginning in 1944, to provide partial support for a total program of organization.

The aforementioned pamphlet published by the Foundation reflects that \$13,625 was granted to the San Francisco Council for Civic Unity (SFCCU), beginning in 1946.

The "San Francisco Chronicle" of December 13, 1944, contained an article reflecting that the SFCCU was established on September 30, 1944, and maintained offices at 101 Post Street, San Francisco. The article reflected that ROBERT E. GIBSON, former Liaison Officer of the War Relocation Authority, was Executive Secretary, and that MATT CRAWFORD had been named Assistant Executive Secretary.

San Francisco T-9, of known reliability, advised in September, 1944, that LOUISE ROSENBERG BRANTEN was one of the early sponsors of the SFCCU.

San Francisco T-10, of known reliability, advised in January, 1945, that AUERLEY CROSSMAN, DAVID JENKINS, and OLETA O'CONNOR YATES were among the members of the Board of Directors of the SFCCU.

San Francisco T-11, of known reliability, advised in January, 1951, that MATT CRAWFORD was a member of the State Board of the California State Communist Party, and that CRAWFORD had been a member of the CP for many years.



S.F. 100-24730

San Francisco T-12, of known reliability, advised in February, 1950, that AUBREY GROSSEMAN was then the National Executive Secretary of the Civil Rights Congress (CRC), and that prior to that time was State Educational Director of the CP in California. The CRC has been cited as a subversive group by the Attorney General.

San Francisco T-13, of known reliability, advised in February, 1945, that DAVID JENKINS was a long-time member of the CP in San Francisco, and then Director of the CLS.

San Francisco T-14, of known reliability, advised in January, 1950, that OLITA O'CONNOR YATES had been the Chairman of the CP in San Francisco for many years.

San Francisco T-15, of known reliability, who was a member of the Board of Directors of the SFOCU, advised SA LEWIS H. JOHNSON on May 16, 1950, that MATT CRAWFORD left the Council early in 1947, and that other CP members of the Board of Directors had been replaced. SF T-10 advised that subsequent to 1947, the CP has had no control over the policies of the Council. This source advised that during the formation and until the early part of 1947, the Council was controlled to a large extent by the CP.

#### NORTHERN CALIFORNIA UNION HEALTH COMMITTEE

The aforementioned booklet reflects that the Foundation contributed \$6500, beginning in 1944, to the above captioned Committee to provide partial support of a program of health and safety education among union members and their families.

MARIANNA PACKARD, Executive Secretary, Northern California Union Health Committee, San Francisco, advised in March, 1944, that the Committee was an outgrowth of the Bay Area Union Health Conference. She stated that the latter conference was originally initiated by the CLS.

The February 23, 1946 issue of the "Daily People's World", West Coast Communist newspaper, contained an article entitled "Union Health Group lauded as Doors Close", which reflected that the organization was being dissolved due to a lack of adequate funds.

SF T-2 advised on February 5, 1953, that the Northern California Union Health Committee was dominated by CP members or Communist sympathizers.

#### OFFICIALS OF THE ROSENBERG FOUNDATION

The booklet made available by CLAIRE DAVIS, a staff member of the Foundation, to SF T-1 on February 5, 1953, reflects that the following persons are or have been affiliated with the Foundation:

S.F. 100-24730

SF T-1 advised that DAVIS observed that the underlined items had been written on the booklet in ink by Foundation personnel in order that the booklet would be current. It is noted that the name SLOGS was inked out.

#### BOARD OF DIRECTORS

	<u>Years of Service</u>
LOUISE ROSENBERG BRANSTEN (BERMAN)	1936- <u>51</u>
MONROE E. DEUTSCH, President 1940- <u>50</u>	1938- <u>50</u>
PAUL C. EDWARDS, Vice Pres. 1950-	1941
CHARLES DE YOUNG ELKUS, SR. (Pres. 1950- (Vice President 1938- <u>50</u> )	1938
R.S. GREEN, Secretary 1936-1940	1936-1938*
CHARLOTTE S. MACK	1943-1948*
J. WARD MAILLIARD, JR., Chairman Finance Committee	1946
GARRET W. McENERNEY	1941-1942*
HAROLD R. McKINNON	1946**
RICHARD M. NEUSTADT	1945-1946*
ARTHUR C. OPPENHEIMER	1936-1944*
EMILIE OPPENHEIMER, President 1936-1940	1936-1940*
EDWARD L. PARSONS	1943
WALTER ROTHCCHILD	1936-1937*
ELEANOR F. <del>SLOGS</del> ANDERSON (MRS. WALLACE)	1946**

\*Deceased.

\*\* Elected subsequent to period covered in report.

\*\* Mrs. ALLAN CHARLES  
\*\* RICHARD E. GUGGENHEIM  
\*\* ROY SORENSON

1948-  
1950-  
1951-

#### THE STAFF

LESLIE W. GANYARD, Executive Director and Secretary to  
the Board

CONSTANCE CAVENDER, Administrative Assistant  
ELSIE GANDNER SINGLE, Administrative Assistant  
CLAIRE DAVIS

1937  
1945-1947  
1947-1948  
1948

Set forth hereinafter is pertinent available information regarding the aforementioned officials of the Foundation.



S.F. 100-24730

Board of Directors  
LOUISE ROSENBERG BRANSTEN  
(BERMAN)—1936-1951

San Francisco T-16, of known reliability, made available on November 2, 1945, a copy of a letter dated October 21, 1945, from LOUISE BRANSTEN to MIKHAIL VAVILOV, Consul General, U.S.S.R., Consulate, San Francisco, and an enclosure thereto entitled "Autobiography of LOUISE R. BRANSTEN". BRANSTEN stated in the autobiography that she was "one of seven members of the Board of the Rosenberg Foundation which distributes yearly approximately \$100,000, and that she had "the power to use my influence on the Board of the Rosenberg Foundation to serve causes that I consider in the public interest. Among other recent grants, the Foundation has given \$6000 to the American Russian Institute and \$10,000 to the California Labor School". BRANSTEN noted therein that she had joined the CP in approximately 1936, with the approval of EARL BROWDER.

San Francisco T-17 and San Francisco T-12, both of known reliability, have advised that LOUISE BRANSTEN was a member of the CP in San Francisco in 1943 and 1944.

San Francisco T-18, of known reliability, advised in January, 1946, that LOUISE BRANSTEN was then a member of the Board of Directors of the ARI, San Francisco.

MONROE E. DEUTSCH,  
1938—1950; President, 1940—1950

San Francisco T-19, of known reliability, advised in February, 1944, that Dr. MONROE E. DEUTSCH, Vice-President and Provost of the University of California, was a national sponsor of the Joint Anti-Fascist Refugee Committee. This committee has been cited by the Attorney General as subversive.

SF T-19 advised in April, 1944, that DEUTSCH was a sponsor of the San Francisco Council of American Soviet Friendship.

SF T-2 has advised that the San Francisco Council of American Soviet Friendship was the San Francisco chapter of the National Council of American Soviet Friendship, an organization cited by the Attorney General as subversive.

San Francisco T-20, of known reliability, advised in November, 1942, that BERNADETTE DOYLE, a functionary of the CP of Alameda County, had on November 5, 1942, described DEUTSCH as a "good guy", but that he was a "career man and was right on some things but would not work on political beliefs".

S.F. 100-24730

SF T-20 advised in 1943, that on December 7, 1943, STEVE NELSON, President of the Alameda County Communist Political Association, would not give his consent for the American Youth for Democracy to become an official organization on the campus of the University of California, Berkeley, because, in his opinion, it was not "strong enough". SF T-20 indicated that MONROE DEUTSCH had supported the American Youth for Democracy program and had been willing for it to be officially recognized on the University campus. The American Youth for Democracy has been cited by the Attorney General as a subversive organization.

PAUL C. EDWARDS,  
1941; 1950--(Vice-President 1950)

Current issues of the "San Francisco News", a Scripps-Howard publication, reflect that PAUL C. EDWARDS is an Associate Editor of that daily newspaper.

The indices of the San Francisco Office contain no pertinent information concerning EDWARDS.

CHARLES de YOUNG ELKUS, SR.  
1938; Vice-President 1938--1950

Records of the San Francisco Retailers Credit Association reflect that CHARLES de YOUNG ELKUS, Sr., is associated with the legal firm of BACHALUPI, ELKUS and SALINGER, of San Francisco.

On September 27, 1945, San Francisco T-21, of known reliability, advised that DAVID JENKINS, Director of the CIS, had stated that CHARLES ELKUS, a board member of the Rosenberg Foundation, had been the cause of dissention among the board members inasmuch as he apparently opposed authorization of a grant of money to the CIS.

San Francisco T-17 advised on September 27, 1945, that ELKUS was apparently not opposed to a grant of money from the Foundation to the Council for Civic Unity merely because MATT CRAWFORD, Head of the Council, was a Communist, but that ELKUS felt that inasmuch as CRAWFORD was both a Communist and a Negro, a contribution would place the Foundation in a "bad light" and would prevent the community from supporting the Foundation.

SF T-2 has advised that ELKUS was reportedly a sponsor of JOHN STACHEY, a English Communist, in February, 1935, and that ELKUS was one of the directors of the Social Workers Alliance in San Francisco in December, 1936. This source observed that although the Alliance was subject to some Communist influence there were many patriotic citizens in the group who were interested in social work and welfare activities.

S.F. 100-24730

SF T-2 advised that the August 9, 1937 issue of the "Log-Student", a publication of the Western Summer School for Workers, listed ROBERT CARLETON ELKUS, whom SF T-2 identified as a son of CHARLES de YOUNG ELKUS, as an enrollee from Stanford University at the 1937 Western Summer School for Workers session. SF T-2 advised that this school changed its name in 1938 to the Pacific Coast School for Workers, and that it was closed in about 1940. This source advised that the school adhered to Communist principles and that its faculty members were identified with "Communist kindred organizations".

R. S. GREEN, Secretary,  
1939-1940; 1936-1938

The records of Dun and Bradstreet disclosed in 1941 that R. S. GREEN was then Vice-President and Secretary of Rosenberg Brothers and Company, San Francisco.

The indices of the San Francisco Office contained no pertinent information concerning GREEN.

CHARLOTTE S. MACK,  
1943-1948

SF T-17 advised on October 30, 1944, that LOUISE R. IRANSTEN stated that CHARLOTTE MACK was her stepgrandmother-in-law.

SF T-17 advised that LOUISE IRANSTEN and Mrs. MACK on November 15, 1944, discussed the ARI and that Mrs. MACK informed IRANSTEN that she would take out a membership in that organization. SF T-17 advised that Mrs. MACK asked IRANSTEN why the latter was so intent upon obtaining a grant from the Foundation for the CIS and IRANSTEN explained that she thought "the key to the post-war was cooperation between labor and management".

J. WARD MAILLIARD, Chairman  
Finance Committee, 1946

The records of Dun and Bradstreet, San Francisco, disclosed in 1940 that MAILLIARD was a member of the Board of Directors of the Schlage Lock Company, San Francisco, and that he was the President of Mailliard and Schmiedell, Manufacturers Agents, 230 California Street, San Francisco.

The indices of the San Francisco Office contain no pertinent information regarding MAILLIARD.

S.F. 100-24730

GARRETT McENERNEY, 1941-1942

GARRETT McENERNEY advised SA JOHN A. DEARDORFF in August, 1949, upon interview in regard to another matter, that McENERNEY was an attorney with offices at 582 Market Street, San Francisco.

The indices of the San Francisco Office contain no pertinent information regarding McENERNEY.

HAROLD R. McKINNON, 1946

The indices of the San Francisco Office contain no pertinent information identifiable with McKINNON.

RICHARD M. NEWSTADT, 1945-1946

SF T-21 advised in 1945 that RICHARD M. NEWSTADT was one of six individuals who were scheduled to participate as lecturers in a class entitled "Current Labor Management Government Relations", to be presented by the CLS, San Francisco, during the summer term of 1945.

ARTHUR C. OPPENHEIMER, 1936-1944

The October 28, 1947 issue of the "San Francisco News" reflected that ARTHUR OPPENHEIMER was then President of Rosenberg Brothers and Company, San Francisco.

The indices of the San Francisco Office contain no pertinent information concerning OPPENHEIMER.

EMILIE OPPENHEIMER, President 1936-1940

The indices of the San Francisco Office contained no pertinent information identifiable with this individual.

EDWARD L. PARSONS, 1943

On April 4, 1952, San Francisco T-22, of known reliability, furnished a pamphlet disseminated by the Spanish Refugee Appeal of the Joint Anti-Fascist Refugee Committee. This pamphlet was dated March 24, 1952, and identified the Right Reverend EDWARD L. PARSONS as Honorary Chairman.

San Francisco T-23, of known reliability, advised on January 3, 1951, that the Right Reverend EDWARD L. PARSONS actively participated in soliciting contributions for the Spanish Refugee Appeal.

S.F. 100-24730

San Francisco T-24, of known reliability, made available in 1950 a mimeographed letter distributed by the Committee for Peace of the American Russian Institute, dated October 30, 1950. The letter indicated that Bishop PARSONS was a member of the American Sponsoring Committee for the Second World Peace Conference to be held in Sheffield, England, in November, 1950.

The Second World Peace Conference has been described by the Congressional Committee on Un-American Activities as "an arena in which Communists and their fellow travelers vied with each other in vilifying democratic nations, particularly the United States, and glorifying Communist dictatorship".

WALTER ROTHSCHILD, 1936-1937

The indices of the San Francisco Office contain no pertinent information concerning ROTHSCHILD.

ELEANOR F. ANDERSON, 1946-

The indices of the San Francisco Office contain no information identifiable with ANDERSON.

Mrs. ALLAN CHARLES, 1948-

The records of Dun and Bradstreet, San Francisco, disclosed in 1943 that an ALLEN B. CHARLES was then Treasurer of the American Trading Company, Incorporated, 311 California Street, San Francisco, a corporation chartered to carry on a shipping business in the Pacific Ocean.

San Francisco T-25, of unknown reliability, made available in January, 1945, a ballot distributed by the Institute of Pacific Relations for use by members of the Institute in an election of members of the Board of Trustees of the American Council of the Institute of Pacific Relations to be held February 20, 1945, in New York City. Included in the group of persons nominated from the San Francisco Bay Region Division, Institute of Pacific Relations, was ALLEN B. CHARLES, an attorney with the firm of LILLICK, GEARY, OLSON, and CHARLES; further described as a member of the Executive Committee of the San Francisco Bay Region Division, American Council of the Institute of Pacific Relations.

The Fifth Report of the California State Fact-Finding Committee on Un-American Activities, Report of 1949, reflects that the Institute of Pacific Relations is an important and influential "market place of public inform. While it may be an exaggeration to describe it as a Communist front, it is undoubtedly true that it has been infiltrated by Communists and fellow travelers in the past".

S.F. 100-24730

RICHARD E. GUGGENHIME, 1950--

San Francisco T-26, a representative of another Government agency, advised in June, 1942, that RICHARD E. GUGGENHIME was then a San Francisco attorney.

The indices of this office contain no pertinent information identifiable with GUGGENHIME.

ROY SORENSON, 1951--

San Francisco T-27, of known reliability, advised in June, 1950, that ROY SORENSON was then Managing Director of the YMCA, San Francisco.

The indices of the San Francisco Office contain no additional pertinent information concerning SORENSON.

**Staff Members**

LESLIE W. GANYARD, Executive Director  
and Secretary to the Board, 1937

The records of the San Francisco Retailers Credit Association disclosed in 1945 that Mrs. LESLIE W. GANYARD, 2238 Divisadero Street, San Francisco, was the wife of MERVIN GANYARD, age forty, the owner of the Three Cocks Creamery, 2295 Market Street, San Francisco. She was employed from 1929 to 1933 as Executive Secretary of the San Francisco Center of the California League of Women Voters, and she was previously affiliated with the Alumni Association of the University of California at Berkeley.

The indices of the San Francisco Office contain no additional pertinent information regarding GANYARD.

CONSTANCE CAVENDER, Administrative  
Assistant, 1945--1947

On September 17, 1945, CONSTANCE CAVENDER contacted the San Francisco Office and advised that she represented the Rosenberg Foundation. She stated that the Foundation had granted money to the San Francisco Council for Civic Unity in the past, and that they had received a new request from the Council. She stated that she had heard "some talk" that the Council was Communist and that she wished to know if the Council was "all right".

ELSIE GARDNER SINGLE, Administrative Assistant, 1947--1948

San Francisco Office indices contained no record identifiable with this person.

CLAIRE DAVIS, Staff Member, 1948--

San Francisco Office indices contain no record identifiable with DAVIS.



EFFORTS OF LOUISE BRANSTEN TO INFLUENCE GRANTS

SF T-9 advised in April, 1944, that LOUISE BRANSTEN had arranged through the Rosenberg Foundation to finance a committee to deal with racial problems in California. This source observed that BRANSTEN said that if a committee of this nature was granted, a representative of the CIO would be active on the committee.

San Francisco T-28, of known reliability, advised on October 31, 1944, that LOUISE BRANSTEN indicated on that date that there were seven members of the Board of Directors of the Rosenberg Foundation. She stated that she controlled three votes and occasionally a fourth vote. She observed that the Foundation had disposed of approximately \$100,000 a year, but that in 1944 the Foundation received a double dividend and they would have approximately \$200,000 at their disposal. She observed that they did not deplete their capital. BRANSTEN advised that to date all the money had been spent in California, although some members of the Board had wanted to spend the money in Palestine, but that she had voted against it. She said that she would vote for it if they would give money to the Joint Anti-Fascist Refugee Committee or some organization of the Spanish Loyalty group, but that the other board members refused. SF T-28 advised that BRANSTEN observed that the board members included a Bishop, one of the editors of the "San Francisco News", and a man named OPPENHEIMER who BRANSTEN described as "anti-semitic Jew".

SF T-17 advised that on October 30, 1944, LOUISE BRANSTEN stated that Mrs. CHARLOTTE MACK, her stepgrandmother-in-law, was skeptical about the CIO, and that it would be necessary to sell her on the school.

SF T-17 advised that on November 10, 1944, LOUISE BRANSTEN expressed the belief that the Foundation should give the Union Health Committee \$4000 instead of the recommended \$2000.

SF T-28 advised that on November 15, 1944, LOUISE BRANSTEN stated that the Bay Area Council Against Discrimination had received \$9,240 from the Rosenberg Foundation. She stated that it was not public knowledge that the Council had received the money because they were afraid other organizations would then try to get money. It is noted that the booklet made available by CLAIRE DAVIS to SF T-1 reflects on Page 31 that the Bay Area Council Against Discrimination received a total grant of \$1500, beginning in 1942.

SF T-9 advised on December 15, 1944, that LOUISE BRANSTEN stated on that date that CHARLES ELKUS and PAUL EDWARDS were opposed to granting funds to the Union Health Committee; that CHARLOTTE MACK and she (BRANSTEN) were for the grant, and that Bishop PARSONS was undecided. She observed that the vote was held over until a later meeting.

S.F. 100-24730

SF T-9 advised in 1945 that on January 11, 1945, AUBREY GROSSMAN, previously described, discussed with LOUISE BRANSTEN various possible new members of the Board of Directors of the Rosenberg Foundation. GROSSMAN indicated that if BRANSTEN had one other person who would vote "right", BRANSTEN would also have DEUTSCH's and PARSONS' vote and control the Foundation.

SF T-28 advised in 1945 that on February 7, 1945, LOUISE BRANSTEN stated that she had obtained a \$6000 grant from the Rosenberg Foundation to the ARI.

SF T-28 advised in 1945 that on February 7, 1945, DAVE JENKINS, Director of the CIS, asked BRANSTEN how the Foundation vote came out. BRANSTEN stated that they all "voted for it except one". She indicated that she was going to attempt to obtain a \$2000 grant for the Union Health Committee from the Foundation and she observed that she already obtained \$12,000 for the CIS; \$5000 for the Council for Civic Unity; and \$6000 for the ARI.

SF T-17 advised in 1945 that subsequent to a meeting of the Board of Directors of the Rosenberg Foundation held on October 16, 1945, BRANSTEN informed SF T-17 that she had been "fighting with the Foundation all afternoon, and that she had succeeded in persuading the directors to authorize a grant of \$10,000 to the CIS.



MISCELLANEOUS

San Francisco T-2 advised the writer on February 5, 1953, that San Francisco T-29, a representative of another government agency, informed SF T-2 in 1949 that SF T-29 visited the San Francisco office of the Rosenberg Foundation in September, 1949. SF T-29 related that he identified himself to the foundation representative in charge of the foundation office, and that the woman in charge of the office asked "What has LOUISE BRANSTEN been doing now?" SF T-29 advised that the foundation representative informed him that BRANSTEN had not participated in the affairs of the foundation for several years and that she had not influenced grants which had recently been made by the foundation. SF T-29 observed that this woman, whose identity SF T-2 could not recall, displayed a completely cooperative attitude during SF T-29's interview.

SF T-2 advised that he knew nothing which would indicate that LOUISE BRANSTEN has influenced the grants of the foundation subsequent to the donations in 1942 to the Bay Area Council Against Discrimination, in 1944 to the American Russian Institute, and in 1945 to the California Labor School. SF T-2 expressed the belief that the Rosenberg Foundation is presently a well-intentioned philanthropic body.

The records of the Better Business Bureau, 420 Sutter Street, San Francisco, reflected on February 5, 1953, that a usually reliable source had advised that LOUISE BRANSTEN was practically in control of the finances of the foundation in 1943. These records contained no additional pertinent information regarding the foundation.

San Francisco T-30, of known reliability, who is familiar with certain aspects of subversive activity in the San Francisco - Oakland Bay Area, advised on February 6, 1953, that he could provide no pertinent information concerning the foundation. He stated that he knew nothing which would indicate that the foundation has within recent years supported any organization of a subversive nature.

San Francisco T-31, of known reliability, who is familiar with certain aspects of subversive activity in San Francisco, advised the writer on February 9, 1953, that although LOUISE BRANSTEN had influenced the grants of the foundation during the mid 1940's, he had no information which would indicate that the foundation has within recent years contributed to or been affiliated with subversive groups.

The records of Dunn and Bradstreet, San Francisco, contained no record of the foundation, and the files of the San Francisco Police Department contained no pertinent information concerning the foundation.

- C -

SF 100-24730  
WKM:maw

ADMINISTRATIVE PAGE

SOURCES:

San Francisco T-1

Pretext interview by SA WAYNE E.  
WELCH on 2/5/53 with CLAIRE DAVIS,  
a staff member of the Rosenberg  
Foundation, San Francisco.

San Francisco T-2

San Francisco T-3

San Francisco T-4

DIO, 12th Naval District,  
San Francisco

San Francisco T-5

San Francisco T-6

San Francisco T-7

San Francisco T-8

San Francisco T-9

San Francisco T-10

San Francisco T-11

San Francisco T-12

San Francisco T-13

San Francisco T-14

San Francisco T-15

San Francisco T-16

Anonymous

San Francisco T-17

San Francisco T-18

FOIA(b) (7) - (D)

SF 100-24730

WKN:amw

ADMINISTRATIVE PAGE (CONT'D)

SOURCES:

San Francisco T-19

San Francisco T-20

San Francisco T-21

San Francisco T-22

San Francisco T-23

San Francisco T-24

San Francisco T-25

San Francisco T-26

San Francisco T-27

San Francisco T-28

San Francisco T-29

San Francisco T-30

San Francisco T-31

FOIA(b) (7) - (D)

SF 100-24730

WKW:mw

ADMINISTRATIVE PAGE (CONT'D)

REFERENCES:

Report of SA JOHN PHILLIP MANTON dated 2/2/45 at San Francisco.

Bulet to Los Angeles dated 1/29/53 entitled "WILLIAM SHERRIDAN, Children's Bureau; JOHN P. KENNEY, University of Southern California; DAN G. PURSUIT, University of Southern California; Research (Crime Records Section)."

833  
1953

SAC, [redacted]

February 24, 1953

Director, FBI (100-385355)

USE OF BENEVOLENT TRUST FUNDS,  
PHILANTHROPIES AND ELEEMOSYNARY  
INSTITUTIONS TO IMPLEMENT THE  
PROGRAMS OF SUBVERSIVE GROUPS  
INTERNAL SECURITY - C

The Bureau has received copies of the memoranda prepared by the staff of the House of Representatives Select Committee to Investigate Foundations and Other Organizations reflecting the results of interviews with witnesses who appeared before the Committee.

Two Photostats of each of the memoranda reflecting the comments of Louis Budenz, Bella Dodd, Manning Johnson, Maurice Malkin, Elizabeth Bentley, Igor Bogolepov and Mortimer Graves are enclosed herewith.

The material in the memoranda should be thoroughly reviewed, appropriately indexed and where it has not been previously reported, significant subversive data concerning individuals should be placed in their files. Pertinent unreported information concerning the individuals should be reported in future investigative reports prepared in the individual cases. You may furnish this material to other offices where you believe it to be necessary or desirable.

The substance of much of this information appeared in the testimony of the various witnesses before the House Committee.

In reporting material appearing in the memoranda, attribute the comments to the various witnesses. Do not identify the source memoranda other than by confidential symbols in the text of your reports.

Enclosure

RECORDED - 5

FEB 26 1953

NOTE ON YELLOW ONLY: FEB 24 11 48 AM '53

The original memoranda were furnished to Mr. Nichols by former SA Tom Feeney, as indicated in Mr. Nichols' memo to Mr. Tolson dated January 26, 1953. The original material has been filed in the captioned file.

MAILED 16

FEB 25 1953

COMM - FBI

JAS:jal

## Office Memorandum • UNITED STATES GOVERNMENT

TO : A. H. BELMONT

FROM : F. J. BAUMGARTNER

SUBJECT: USE OF BENEVOLENT TRUST FUNDS,  
PHILANTHROPIES AND ELEEMOSYNARY  
INSTITUTIONS TO IMPLEMENT THE  
PROGRAMS OF SUBVERSIVE GROUPS  
INTERNAL SECURITY - C

DATE: February 26, 1953

Tolson \_\_\_\_\_  
Ladd \_\_\_\_\_  
Clegg \_\_\_\_\_  
Glavin \_\_\_\_\_  
Nichols \_\_\_\_\_  
Rosen \_\_\_\_\_  
Tracy \_\_\_\_\_  
Harbo \_\_\_\_\_  
Belmont \_\_\_\_\_  
Mohr \_\_\_\_\_  
Tele. Room \_\_\_\_\_  
Nease \_\_\_\_\_  
Gandy \_\_\_\_\_

SYNOPSIS:

The report of the House of Representatives Select Committee to Investigate Foundations reviewed. The report reflects that the Communist program for infiltrating foundations claiming tax exemption privileges was not effective save in a few isolated instances. In the instances where infiltration was successful the cause was attributed to bad judgment and gullibility on the part of the officers of the organizations rather than willful adherence to subversive causes.

In the light of the report, Bureau investigative policy in this field is sound. This memorandum has been prepared for your information.

RECOMMENDATION:

None. For your information.

ENCLOSURE

RECORDED - 32

100-385355-26  
12 MAR 10 1953

INDEXED - 32

115

Attachment

JAS:amc

79 MAR 20 1953

BACKGROUND:

The Select Committee to Investigate Foundations was established under H. R. 561 of the 82nd Congress, 2nd Session, to investigate and study educational and philanthropic foundations and other comparable organizations which are exempt from Federal income taxation.

The results of this investigation are set forth in House Report No. 2514 of the 82nd Congress, 2nd Session.

DETAILS:

A review of the House Report No. 2514 reflects that the Committee made the following findings:

I. Communist Program for the Infiltration of Organizations

The Committee reports that as long as twenty years ago Moscow decided upon a program of infiltrating cultural and educational groups and organizations in the United States. The American Communist Party, following the program laid down in Moscow, created a subcommission of the Agit-Prop or cultural commissions which give specific attention to foundations. The aims were to capture the foundations where possible and where this proved impossible, to infiltrate them for the purposes of (1) diverting the foundation funds directly into Communist hands and (2) procuring financial assistance for projects and individuals favorable to Communism while diverting assistance from projects and individuals unfavorable to Communism.

A. Results of Communist Infiltration Program

It was determined that a few small foundations became captives of the Communist Party and here and there a foundation board included a Communist or a Communist sympathizer. On occasions Communists also managed to secure positions on the staffs of foundations or staff members of such organizations were drawn into the Communist orbit. These instances were found, however, to be isolated examples of foundation experience and in viewing the over-all picture, very few actual Communists or Communist sympathizers were

QC

noted in positions of influence in organizations of this type. Alger Hiss' appointment as President of the Carnegie Endowment for International Peace was listed as the outstanding example of success in Communist infiltration tactics.

The Committee found that Communists had succeeded in obtaining financial aid and assistance for numerous associates and sympathizers and indicated that in the aggregate the number of such grants and the amounts involved were alarming. The significance of this finding was discounted, however, on the basis of the finding that, when viewed proportionately in the light of the total grants made by foundations, the grants to Communists and Communist sympathizers constituted a surprisingly small portion of the total expenditures.

B. Reasons for the Success of the Communist Infiltration Program

In examining the instances wherein grants to subversive individuals were made and the instances where infiltration of organizations was found the Committee concluded that the judgments made by the organizations, in the light of hindsight, were mistakes. The Committee further stated, however, that many of these mistakes were made without the knowledge of facts which could not have been readily ascertained at the time the decisions were taken. The conclusion was advanced that while the foundations are not blameless their guilt lay principally in indulging the same gullibility which infected far too many of our loyal and patriotic citizens and that the mistakes made were unlikely to be repeated.

II. Use of Foundations to Undermine the Capitalist System

A paradox was found in the present feeling that foundations have become the enemy of the Capitalist System when considered in the light first expressed in a 1915 Congressional investigation that foundations would prove the instruments of vested wealth, privilege, and reaction.



90

The report reflects the belief that neither of these positions represents the true picture of foundation activity. No fault was found with the general policy of major foundations in entering controversial fields and promoting experiments designed to help men live peaceably together so long as the programs are conducted with devotion to the American tradition of freedom. It was found that the foundations, with the exception of a few captive organizations (e.g. American Peoples Fund, Robert Marshall Foundation), have not deliberately thrown their support to the Marxist philosophy and against what we have come to regard as the American system of capitalistic free enterprise.

### III. Recommendations of the Committee

#### A. Proposed Legislation

A bill has been prepared for presentation to the 83rd Congress amending Section 153 of the Internal Revenue Code and requiring that foundations claiming tax exempt status submit reports to the Treasury Department in the manner designated by the Secretary reflecting the organization's income and expenditures, including grants, and setting forth the identities of contributors and the recipients of grants.

#### B. Further Studies

The Committee also recommended that the Ways and Means Committee re-examine pertinent tax laws to the end that new legislation may be prepared which would encourage private individuals to make gifts to meritorious institutions.

### IV. Comments of the Internal Security Section

The investigation undertaken by the House Committee, while admittedly superficial in nature, nonetheless serves to confirm the accuracy and soundness of the Bureau's program in the investigation of foundations and similar organizations. On the basis of this report and Bureau experience it is believed that present investigative policy in this field should be continued unchanged.

A memorandum dated December 31, 1952, outlining Bureau investigative policy in this field is attached for your information.

*[Handwritten signature]*

*[Handwritten initials]*

100-385355-26

ENCLOSURE

SELECT COMMITTEE TO INVESTIGATE  
FOUNDATIONS

FINAL REPORT

OF THE

SELECT COMMITTEE TO INVESTIGATE  
FOUNDATIONS AND OTHER  
ORGANIZATIONS

(Pursuant to H. Res. 561, 82d Cong.)



JANUARY 1, 1953.—Committed to the Committee of the Whole House  
on the State of the Union and ordered to be printed

UNITED STATES  
GOVERNMENT PRINTING OFFICE  
WASHINGTON : 1953

*File in box of  
Benjamin Franklin etc.  
Memo Belmont  
2-26-53  
Jan*

*100-385355-26*

Assistant Attorney General Warren Olney III  
Criminal Division

April 28, 1953

Director, FBI

67-38

ROSENBERG FOUNDATION  
INTERNAL SECURITY - C  
FBI File 100-335739

Reference is made to my memorandum to the Attorney General dated March 9, 1953, captioned "Funds Granted by the Rosenberg Foundation for a Handbook for Police on Juvenile Delinquency," copies of which were furnished to you.

Enclosed for your information is one copy of the report of Special Agent Wayne K. Welch, dated February 11, 1953, at San Francisco, concerning the captioned matter.

It will be noted the Rosenberg Foundation has granted funds to organizations which were either Communist dominated or infiltrated. It is further noted that Louise Rosenberg Branstetter, who is reliably reported to be a Communist, served on the Board of Directors of the Rosenberg Foundation in the past.

Enclosure

Tolson  
Ladd  
Nichols  
Belmont  
Clegg  
Glavin  
Harbo  
Rosen  
Tracy  
Coffey  
Mohr  
Winterrowd  
Tele. Room  
Holloman  
Gandy

CONFIDENTIAL INFORMATION -

NOTED  
MAY 12 1953

## Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. A. H. Belmont

DATE: September 4, 1953

FROM : Mr. F. J. Baumgardner

Tolson \_\_\_\_\_  
 Ladd \_\_\_\_\_  
 Nichols \_\_\_\_\_  
 Belmont \_\_\_\_\_  
 Clegg \_\_\_\_\_  
 Glavin \_\_\_\_\_  
 Harbo \_\_\_\_\_  
 Rosen \_\_\_\_\_  
 Tracy \_\_\_\_\_  
 Gearty \_\_\_\_\_  
 Mohr \_\_\_\_\_  
 Winterrowd \_\_\_\_\_  
 Tele. Room \_\_\_\_\_  
 Holloman \_\_\_\_\_  
 Sizoo \_\_\_\_\_  
 Miss Gandy \_\_\_\_\_

SUBJECT: ~~TAX EXEMPT FOUNDATIONS~~  
 INFORMATION CONCERNING  
 (INTERNAL SECURITY)  
 Bureau File 100-385355

In recent years there has been noted an increasing utilization by benevolent trust funds, philanthropic foundations and similar groups of tax exemption privileges as a tax-saving device. It is noted too that such organizations frequently become involved in decidedly controversial matters.

In order to insure proper handling of subversive information concerning such organizations which may come to the attention of the field it is believed desirable that Bureau policy as it pertains to subversive organizations be reiterated and the field specifically advised that such policy is equally applicable to organizations claiming tax exemption privileges.

It is noted that in 1952 the Select Committee to Investigate Foundations, United States House of Representatives, conducted an investigation concerning Communist infiltration into such organizations. It is further noted that a similar investigation is being contemplated by the House of Representatives this year under the leadership of Representative B. Carroll Reece (R. Tenn.).

RECOMMENDATION:

There is attached for your approval an appropriate SAC Letter setting forth Bureau policy in connection with tax exempt foundations.

Attachment *sent*

RECORDED - 70  
 INDEXED - 70

100-385355-27  
SEP 10 1953

WCT:bh

64  
SEP 18 1953

## Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. Nichols *Wm*

DATE: August 12, 1953

FROM : M. A. Jones *2K*SUBJECT: ~~HOUSE SPECIAL COMMITTEE~~  
~~APPOINTED TO INVESTIGATE SUBVERSIVE~~  
~~ACTIVITIES BY TAX EXEMPT FOUNDATIONS.~~

According to a news release dated 8-4-53 Speaker Martin of the House of Representatives had on that day named Representative B. Carroll Reece (R-Tenn.) to head a \$50,000 House search for subversive activities by tax exempt foundations.

As other members of the special committee, Martin appointed the following Representatives:

Jesse P. Wolcott	- Rep.-Michigan
Angier L. Goodwin	- Rep.-Massachusetts
Wayne L. Hays	- Dem.-Ohio
Gracie Pfof	- Dem.-Idaho

According to the news release, Reece has charged that a similar study last year by a special committee headed by the late Representative E. E. Cox (D-Georgia) was limited and inconclusive.

Concerning the new investigation, Reece said there are about 300,000 foundations enjoying exemption from Federal taxation. He said, "The majority are honest, but some support efforts to overthrow the government and undermine the American way of life."

There is attached a summary memorandum on each of the Congressmen listed above.

Attachments (5)

cc - Mr. Nichols

DGH:imz

RECORDED - 73  
INDEXED - 73100-385355-28  
SEP 10 1953384  
58 OCT 6 1953

☒ Tolson  
☒ Ladd  
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☒ Rosen  
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☒ Mohr  
☒ Tele. Room  
☒ Nease  
☒ Gandy

Use of Benevolent Trust Funds Philanthropic  
 And Learning of any Institution to implement  
 the Program of Subversive Groups  
 Tax Exempt Foundations

ENCL  
 13

Sent to -  
 384

## Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. Nichols *[initials]*

DATE: August 11, 1953

FROM : M. *[initials]* JonesSUBJECT: B. CARROLL REECE - Summary (m)  
(REPUBLICAN - TENNESSEE)

- Tolson \_\_\_\_\_
- Ladd \_\_\_\_\_
- Nichols \_\_\_\_\_
- Belmont \_\_\_\_\_
- Clegg \_\_\_\_\_
- Glavin \_\_\_\_\_
- Harbo \_\_\_\_\_
- Rosen \_\_\_\_\_
- Tracy \_\_\_\_\_
- Gandy \_\_\_\_\_
- Mohr \_\_\_\_\_
- Winterrowd \_\_\_\_\_
- Tele. Room \_\_\_\_\_
- Holloman \_\_\_\_\_
- Sizoo \_\_\_\_\_
- Miss Gandy \_\_\_\_\_

SYNOPSIS:

Press release of 8-4-53 reflects on that date Speaker Martin named Representative B. Carroll Reece to head a \$50,000 House search for subversive activities by tax exempt foundations. Congressional Directory for 1953 reflects Reece, Republican of Johnson City, born Butler, Tennessee, 12-22-89. Chairman of four banks in Tennessee, publisher of "Bristol Herald Courier," newspaper, Bristol, Virginia-Tennessee. Served as Chairman of Republican National Committee, 1946 to 1948. Decorated for services during World War I. Elected to Sixty-seventh Congress and was its youngest member, had been elected to all succeeding Congresses with the exception of Seventy-second, Eightieth and Eighty-first. Bufiles reflect brother J. I. Reece admitted having criminal record, having been convicted of embezzling securities from the State of Tennessee while holding public office. Another brother in company of subject of a Bureau's Internal Security case on one occasion when this subject was arrested for drunkenness. In speech in 1946, Reece accused the CIO Political Action Committee as "the spearhead of Red reactionism." Was controversial figure while Chairman of the Republican National Committee from 1946 to 1948. In 1947 approved bill concerning FBI Agents' retirement. In 1950 elections we received allegations of vote buying in Tennessee by Reece forces. Cordial relations with Bureau. Personnel records reflect Reece has endorsed fifteen applicants for Bureau employment, thirteen being for clerical positions and two for position of Special Agent.

RECOMMENDATION:

None. For information.

cc - Mr. Nichols

DGH:rcw

ENCLOSURE

RECORDED - 73  
INDEXED - 73100-385355-28  
SEP 10 1953

INT SEC

August 11, 1953

DETAILS:

According to a press release dated 8-4-53, Speaker Martin of the House of Representatives had on that day named Representative B. Carroll Reece (Republican - Tennessee) to head a \$50,000 House search for subversive activities by tax exempt foundations. Four other Members of the House were also named to this committee.

The Congressional Directory for 1953 reflects that Brazilla Carroll Reece, Republican of Johnson City, Tennessee, and representative from the First District of Tennessee, was born at Butler, Tennessee, on December 22, 1889. He is a member of the bar and chairman of the Carter County Bank, First National Bank of Jonesboro, the Sullivan County Bank and Farmers Bank at Blountville. He is publisher of the Bristol "Herald Courier" of Bristol, Virginia-Tennessee.

From 1946 to 1948 Reece served as Chairman of the Republican National Committee and as committeeman for Tennessee. He has served as a member of the Temporary National Economic Committee and of the Special House Committee on Postwar Economic Policy and Planning.

He was educated at Watauga Academy, Carson and Newman College, New York University and University of London. He received his LL.D. degree from Cumberland University.

He is a member of the American Economic Association, American Statistical Association, American Academy of Political Science, and American and Tennessee and Federal Bar Associations.

He was an assistant secretary and instructor in New York University from 1916 to 1917 and Director of the School of Business Administration at New York University from 1919 to 1920.

He served with American Expeditionary Forces in World War I and received the Distinguished Service Cross and Distinguished Service Medal, in addition to other decorations.

He was elected to the Sixty-seventh Congress and was its youngest member and has served in every Congress since then with the exception of Seventy-second, Eightieth and Eighty-first.

Bufiles reflect the following salient information concerning Reece. According to a memorandum for the Director from Mr. Tamm dated July 27, 1938, J. I. Reece of Nashville, Tennessee, appeared at the Cincinnati Field Division on July 13, 1938, and furnished information concerning the identity and location of a Bureau fugitive wanted in connection with a bank robbery at Arcanum, Ohio. As a result of his information, Bureau Agents apprehended the fugitive.

At the time of his visit to the Cincinnati Field Division, J. I. Reece stated that he was the brother of Congressman B. Carroll Reece and also admitted that he had a criminal record, having been



August 11, 1953

convicted of embezzling securities from the state while he was holding public office as Commissioner of Insurance for the State of Tennessee. He also advised that the fugitive had been well known to Congressman Reece as he had served under Reece during World War I. (91-1149-sub A)

In 1942 the Bureau conducted investigation in the case entitled Herbert Oswald Noumann, was. Internal Security-G. Investigation in this case failed to reflect that the subject was pro-Nazi as alleged and the case was closed. During the course of investigation, Sheriff Brummit of Elizabethton, Tennessee, was interviewed concerning the subject and stated that the subject had been arrested in January of 1942 for being drunk and at that time was in company with Raleigh Reece, brother of the United States Congressman from Tennessee. The Sheriff advised that upon the payment of a \$10 fine, they were released. The file does not reflect whether or not Raleigh Reece was arrested. (100-45716-2)

According to an article appearing in the Washington "Times Herald" on 4-20-46, B. Carroll Reece, making his first nationwide broadcast as Republican National Chairman, assailed the CIO Political Action Committee as "the spearhead of Red reactionism." (57-407-sub A)

On 9-16-46, the "Daily Worker" carried a story headlined "Reece Blurts Out GOP's Aims for Anti-Labor Congress." According to the news story, in a statement on Republican aims prepared for the United States, Reece pledged a Republican Congress would destroy the National Labor Relations Act, cripple the administration of social welfare laws, and end controls. He laid down a seven-point program in his statement which the "Daily Worker" took issue with on each point. (100-3-72-sub A)

On May 17, 1949, the "Washington Post" carried an editorial entitled "Foot In Mouth." This editorial was severely critical of Reece as Chairman of the Republican National Committee because he had told a mass meeting that President Truman was depending on radicals to elect him to the White House in 1948. The editorial accused Reece of stating that President Truman had taken no action to enforce the Loyalty Program and the "Post" pointed out that he was mistaken stating "there has been evidence of action - in the form of a threat by Messrs. Taber and Rees, Republicans, to deny the funds necessary for the study and to demand instead a witch hunt by the FBI." (62-82273-sub A)

On March 19, 1947, Reece wrote a letter to Victor Emanuel in which he advised Emanuel that he was in accordance with the views Emanuel had expressed regarding the bill providing for the retirement of the investigatory force of the Federal Bureau of Investigation, and Reece stated that he hoped it would be accomplished in the current session of Congress. This letter was referring to the bill introduced by Styles Bridges, Bill S.715. (66-2523-606)

Memo to Mr. Nichols

August 11, 1953

According to a letter received from Knoxville Office, dated August 7, 1950, a resident of Telford, Tennessee, had called at the Johnson City Resident Agency and advised he desired to report certain irregularities in the primary election which occurred on August 3, 1950, at Telford, Tennessee. This individual alleged that another party who was a Republican working in the interest of B. Carroll Reece and other Republican candidates for office was seen to hand over an unknown amount of money to various individuals and had also called at the homes of other people to try and buy their votes. We conducted limited investigation which failed to substantiate the allegations. (56-926) ✓

Bufiles also reflect cordial correspondence and a cooperative attitude on the part of Reece with the Bureau since the beginning of his tenure of office in Congress.

Personnel records reflect that Reece has endorsed fifteen persons for Bureau employment, thirteen in a clerical capacity and two as Special Agent. None of these endorsees were hired by the Bureau.

## Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. Nichols

DATE: August 7, 1953

FROM : M. A. Jones

SUBJECT: REPRESENTATIVE JESSE PAINE WOLCOTT - summary  
(REPUBLICAN, MICHIGAN)

Tolson \_\_\_\_\_  
 Ladd \_\_\_\_\_  
 Nichols \_\_\_\_\_  
 Belmont \_\_\_\_\_  
 Clegg \_\_\_\_\_  
 Glavin \_\_\_\_\_  
 Harbo \_\_\_\_\_  
 Rosen \_\_\_\_\_  
 Tracy \_\_\_\_\_  
 Gearty \_\_\_\_\_  
 Mohr \_\_\_\_\_  
 Winterrowd \_\_\_\_\_  
 Tele. Room \_\_\_\_\_  
 Holloman \_\_\_\_\_  
 Sizoo \_\_\_\_\_  
 Miss Gandy \_\_\_\_\_

According to a press release dated 8-4-53, Speaker Martin named Representative B. Carroll Reece (R-Tenn.) to head a \$50,000 house search for subversive activities by tax exempt foundations. Four other members of Congress were also named to this committee by Speaker Martin, including Jesse Wolcott (R-Michigan).

According to the Congressional Directory for March, 1953, Jesse Paine Wolcott, Republican of Port Huron, Michigan, was born March 3, 1893, at Gardner, Massachusetts. He attended public and high schools in Massachusetts, the Detroit Technical Institute at Detroit, Michigan, and received his LL.B. degree from Detroit Law College. He served overseas in the United States Army during World War I.

He has served in public life since 1921 when he was elected assistant police judge in Port Huron, Michigan, where he settled after the war. He has served as an assistant prosecuting attorney in St. Clair County.

He is a member of various organizations including Lions Club, Veterans of Foreign Wars, Prosecuting Attorneys' Association, Masons, Knights of Pythias, Odd Fellows, B.P.O.E. and American Legion.

He is married and has one son and was elected to the 72nd Congress on November 4, 1930. He has been elected to each succeeding Congress since that date. He is Chairman of the House Committee on Banking and Currency and a member of the Joint Committee on the Economic Report. He was given the Collier award for Distinguished Congressional Service in 1947.

There is no identifiable information in Bufiles concerning Representative Wolcott, other than the following.

Congressman Wolcott has endorsed thirteen Bureau applicants, six being for the position of Special Agent and seven for clerical positions. None of these individuals were hired by the Bureau.

RECOMMENDATION: None. For information.

cc - Mr. Nichols  
 DGH:ral

RECORDED - 73

INDEXED - 73

ENCLOSURE

100-385355-28

SEP 10 1953

INT SEC

## Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. Nichols *Wm*

DATE: August 11, 1953

FROM : M. A. Jones

SUBJECT: REPRESENTATIVE ANGIER L. ~~X~~GOODWIN - Summary  
(REPUBLICAN - MASSACHUSETTS)

- Tolson \_\_\_\_\_
- Ladd \_\_\_\_\_
- Nichols \_\_\_\_\_
- Belmont \_\_\_\_\_
- Clegg \_\_\_\_\_
- Glavin \_\_\_\_\_
- Harbo \_\_\_\_\_
- Rosen \_\_\_\_\_
- Tracy \_\_\_\_\_
- Gearty \_\_\_\_\_
- Mohr \_\_\_\_\_
- Winterrowd \_\_\_\_\_
- Tele. Room \_\_\_\_\_
- Holloman \_\_\_\_\_
- Sizoo \_\_\_\_\_
- Miss Gandy \_\_\_\_\_

SYNOPSIS:

Press release dated August 4, 1953, reflects Speaker Martin on that date named Representative B. Carroll Reece (R-Tenn.) to head \$50,000 House search for subversive activities by tax exempt foundations. 1953 Congressional Directory reflects Angier Louis Goodwin, Republican of Melrose, Massachusetts, is representative for the 8th District of Massachusetts. Born in Fairfield, Maine, January 30, 1881, and attended Colby College and Harvard Law School. Mayor of Melrose, Massachusetts, for two terms starting in 1921. A member of the Massachusetts House of Representatives from 1925 to 1928 and member of the Massachusetts State Senate from 1929 to 1941. President of the Senate in 1941. Elected to 78th Congress and all succeeding Congresses since that time. Bufiles reflect that in 1944 he communicated with an individual currently a SI subject of Boston Office. In 1946 Communist Party members of his district were ordered to support the fight to unseat him. In 1947 attended a banquet sponsored by the Federation of Americans of Central and Eastern European Descent. This organization alleged to be anti-Communist. In 1950 wrote a commendatory letter concerning the Director which was forwarded to the Bureau by Walter Winchell. In 1951 served on the subcommittee which was appointed to consider the Administration's wire tapping bill. Personnel records reflect Goodwin has endorsed eight Bureau applicants, four for the position of Special Agent and four for clerical employment. One of these endorsees, Thomas J. Robinson, entered on duty as Special Agent on May 14, 1951, and presently assigned to Detroit Office in GS-11.

RECOMMENDATION:

None. For information.

ENCLOSURE

RECORDED - 73  
INDEXED - 73  
6100-385355-28  
13 SEP 10 1953cc - Mr. Nichols  
DGH:dep

INT. SEC.

August 11, 1953

DETAILS:

According to a press release dated August 4, 1953, Speaker Martin of the House of Representatives had that day named Representative B. Carroll Reece (R-Tennessee) to head a \$50,000 House search for subversive activities by tax exempt foundations. Four other members of the House of Representatives were named to the committee including Angier L. Goodwin.

The Congressional Directory for 1953 reflects that Angier Louis Goodwin, Republican of Melrose, Massachusetts, is representative for the 8th District of Massachusetts. He was born in Fairfield, Maine, January 30, 1881, and attended Colby College and Harvard Law School. He was admitted to the Maine Bar in 1905 and to the Massachusetts Bar in 1906 and has practiced law in Massachusetts since the latter date.

He has been active in civic life in Melrose, Massachusetts, and was elected Mayor of that city in 1921 and re-elected in 1922. He served as a member of the Massachusetts House of Representatives from 1925 to 1928 and served as a member of the Massachusetts State Senate from 1929 to 1941. He was President of the State Senate in 1941.

He is a thirty-second degree Mason, member of the Shrine, Eastern Star, Odd Fellows, Knights of Pythias, Elks, Grange, and Zeta Psi fraternity.

He was elected to the 78th Congress and has been re-elected to each succeeding Congress since that time.

Bureau files reflect the following salient information concerning Goodwin. The Bureau has conducted investigation since 1943 in the case of Francis Joseph O'Connor, Internal Security-C, and O'Connor is presently the subject of a SI card of the Boston Office. According to a mail cover on O'Connor in February, 1944, he received correspondence from Angier Goodwin, M.C., Washington, D. C. (100-203510-7)

During the course of investigation in another Security Matter-C case, in 1946 a confidential informant advised that notice was sent to members of the Wakefield-Melrose branch of the Communist Party which in substance called upon all Communists in the 8th Congressional District to support the fight to unseat the present Congressman from the 8th Congressional District of Massachusetts, Angier Goodwin of Melrose, Massachusetts. This notice according to the informant came from the offices of the Communist Party of District 1. (100-345356-2)

Memo to Mr. Nichols

August 11, 1953

An informant advised that on June 12, 1947, Goodwin accompanied by seven other Congressmen and two United States Senators attended a banquet at the Hotel Statler, Washington, D.C., sponsored by the Federation of Americans of Central and Eastern European Descent. This organization is allegedly an anti-Communist organization. At the banquet each Congressman and Senator was introduced and each spoke a few words. (105-8871-18)

According to a memorandum note on the stationery of the Director's Office a group of commendatory letters concerning the Director were forwarded to the Director by Walter Winchell. One of these letters addressed to Mr. and Mrs. Harold Sumberg of Malden, Massachusetts, was on official House stationery and was signed by Angier L. Goodwin. The letter to the Sumbergs' stated that Goodwin was happy to receive their postcard letting him know of their desire to support J. Edgar Hoover. The letter contained the statement "I hope I do not need to assure you that your view is the same as that held by practically every responsible authority and individual in Washington. The only individuals or groups which I know about who are urging Mr. Hoover's removal are those who are afraid of what may be uncovered by the FBI." This letter was dated March 3, 1950. (62-12188-3417)

According to a memorandum written by Mr. Nichols to Mr. Tolson concerning wire tapping legislation dated February 27, 1951, a subcommittee had been appointed the previous day to consider the Administration's wire tapping bill. Goodwin was one of seven Congressmen on this committee. (62-12114-2565)

Personnel records reflect that Goodwin has endorsed eight Bureau applicants, four for the position of Special Agent and four for clerical positions. One of these endorsees was accepted and is currently in service. He is Thomas J. Robinson, who entered on duty as a Special Agent May 14, 1951, and is presently assigned to the Detroit Office in GS-11.

## Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. Nichols *W*

DATE: August 10, 1953

FROM : M. A. Jones *✓*SUBJECT: REPRESENTATIVE WAYNE L. HAYS - *Synopsis*  
(DEMOCRAT - OHIO)

Tolson \_\_\_\_\_  
 Ladd \_\_\_\_\_  
 Nichols \_\_\_\_\_  
 Belmont \_\_\_\_\_  
 Clegg \_\_\_\_\_  
 Glavin \_\_\_\_\_  
 Harbo \_\_\_\_\_  
 Rosen \_\_\_\_\_  
 Tracy \_\_\_\_\_  
 Gearty \_\_\_\_\_  
 Mohr \_\_\_\_\_  
 Winterrowd \_\_\_\_\_  
 Tele. Room \_\_\_\_\_  
 Holloman \_\_\_\_\_  
 Sizoo \_\_\_\_\_  
 Miss Gandy \_\_\_\_\_

SYNOPSIS:

Press release dated August 4, 1953, reflects Speaker Martin named Representative B. Carroll Reece (R-Tennessee) to head a \$50,000 House search for subversive activities by tax exempt foundations. Four other members of Congress were also named to the committee including Wayne L. Hays (D-Ohio). Congressional Directory for 1953 reflects Hays born May 13, 1911, at Bannock, Ohio, former teacher of history and public speaking and formerly Mayor of Flushing, Ohio. He was state Senator for one term from 1941 to 1942, elected to 81st Congress in 1948 and re-elected to 82nd and 83rd Congresses. Bufiles reflect Hays subject of Bureau sedition case in 1942 but investigation failed to substantiate original allegation. Allegation made in 1953 that Hays attempted to use his influence to have a case dropped against two men arrested for operating an unlicensed radio station. USA did not feel facts warranted prosecution. Hays has furnished information concerning possible subversive activities to the Bureau on several occasions. Hays has endorsed two persons for Bureau employment both in clerical capacities. One was employed but has resigned.

RECOMMENDATION:

None. For information.

cc - Mr. Nichols

DGH:dep

ENCLOSURE

RECORDED - 73 100-385355-28  
INDEXED - 73

13 SEP 10 1953

INT. SEC

August 10, 1953

DETAILS:

According to a press release dated August 4, 1953, Speaker Martin named Representative B. Carroll Reece (R-Tenn.) to head a \$50,000 House search for subversive activities by tax exempt foundations. Four other members of Congress were also named to the committee by Speaker Martin including Wayne L. Hays (D-Ohio).

According to the 1953 Congressional Directory Wayne L. Hays, Democrat of Flushing, Ohio, is Representative for the 18th District of Ohio. He was born May 13, 1911, at Bannock, Ohio, in Belmont County and has been a lifelong resident of that county.

He graduated from Ohio State University in 1933 and did additional work at Duke University in 1935. He is a former teacher of history and public speaking and his present occupation is that of a farmer. He was elected Mayor of Flushing, Ohio, for three terms from 1939 to 1945 and was elected a state Senator for one term from 1941 to 1942.

He was a member of the Officers' Reserve Corps, United States Army from 1933 to 1942. During World War II he volunteered for active duty and was honorably discharged in August, 1942.

He was elected to the 81st Congress on November 2, 1948, and re-elected to the 82nd and 83rd Congresses.

Bufiles reflect the following salient information concerning Wayne L. Hays.

Bufile 14-642 reflects that the Cincinnati Field Office received information on April 28, 1942, that Hays, who at that time was Mayor of Flushing, had been interfering with enlistments in the Army and Navy and was alleged to have told draftees he could obtain deferments if they would protest against enlisting. Investigation failed to disclose any interference, or attempts to interfere, with enlistments on the part of Hays. Recontact of the original source failed to disclose any specific information. One witness stated that charges probably stemmed from Hays' political enemies. Another witness stated Hays was "a very radical individual, who was thrown out of the school system of Flushing in 1932 because of radical statements." No further specific information was furnished.



Memo to Mr. Nichols

August 10, 1953

In the course of the Peyton Ford, et al., investigation the Bureau received information from Judson W. Bowles, Department Attorney, that he had received a call from the secretary of a Congressman suggesting that the case against two men be dropped. The Department requested on February 16, 1953, that Bowles be interviewed and Department records be examined regarding this allegation. Bowles informed that he had received numerous telephone calls from Miss Lonergan in the office of Congressman Wayne L. Hays concerning the status of a case against Earl and Walter McGuire. During the first call Miss Lonergan stated Congressman Hays had hoped the charges would be dropped. She also stated she did not know if it was proper to go as far as to ask that the charges be dropped. A review of the Department's file reflects the McGuires were arrested for operating an unlicensed radio station in 1951 and they were indicted in 1953. The FCC by letter had indicated the belief that the responsibility for operation of this station was with the citizens of the community rather than McGuires', on whose property the equipment was located. The USA at Columbus, Ohio, felt the facts were insufficient for prosecution. Since the Department requested only that the Bureau interview Bowles and check the Department's file, final disposition of this charge is not known.

(62-99048)

✓ Congressman Hays has furnished to Bureau representatives on several occasions information reflecting possible subversive activities on the part of various individuals. (122-223-5; 121-29190-7; 31-75086-2)

Congressman Hays has endorsed two individuals for Bureau employment, both in a clerical capacity. One of these individuals, Janice Lucille Graham, was accepted and entered on duty January 8, 1951. She was assigned as a clerk-typist in the Identification Division and resigned November 16, 1951.

## Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. Nichols

DATE: August 11, 1953

FROM : M. A. Jones

SUBJECT: GRACIE B. PFOST - Summary  
(DEMOCRAT - IDAHO)

Tolson \_\_\_\_\_  
 Ladd \_\_\_\_\_  
 Nichols \_\_\_\_\_  
 Belmont \_\_\_\_\_  
 Clegg \_\_\_\_\_  
 Glavin \_\_\_\_\_  
 Harbo \_\_\_\_\_  
 Rosen \_\_\_\_\_  
 Tracy \_\_\_\_\_  
 Gearty \_\_\_\_\_  
 Mohr \_\_\_\_\_  
 Winterrowd \_\_\_\_\_  
 Tele. Room \_\_\_\_\_  
 Holloman \_\_\_\_\_  
 Sizoo \_\_\_\_\_  
 Miss Gandy \_\_\_\_\_

According to a press release dated 8-4-53, Speaker Martin of the House of Representatives on that day named Representative B. Carroll Reece (Republican - Tennessee) to head a \$50,000 House search for subversive activities by tax exempt foundations. Four other Members of the House were named to this committee by Speaker Martin, including Gracie B. Pfost.

The 1953 Congressional Directory reflects that Gracie Bowers Pfost, Democrat of Nampa, Idaho, is representative from the First District of Idaho and was born March 12, 1906, in Boone County, Arkansas, and moved with her parents to Idaho in 1911.

She attended schools in Idaho and is a graduate of Links Business University. She held various business positions in Idaho and was a delegate to the Democratic National Conventions in 1944, 1948 and 1952, serving as a member of the Platform and Resolutions Committee at all three.

Mrs. Pfost was elected to the Eighty-third Congress on November 4, 1952.

The only pertinent reference to her in Bufiles is reflected in a report emanating at Butte, Montana, in the case entitled Communist Infiltration of the Progressive Party. According to this report, on June 20, 1950, a confidential informant advised that Fred Marchant, Executive Secretary, Idaho Progressive Party, made a report to C. B. Baldwin, National Secretary of the Progressive Party. In discussing policy in this report, Marchant advised that it was unlikely that the Idaho Progressive Party would run any candidates in the ensuing elections inasmuch as Mrs. Gracie Pfost, incumbent, Canyon County treasurer, had been endorsed by the Idaho joint Farmers-Labor Legislative Committee as its Congressional delegate for the First District of Idaho. Marchant described her as unwavering in her support of Senator Glenn Taylor and as having a good pro-labor record in the State Legislature. Marchant also said that the only event that would require the Progressive Party to enter a candidate in the elections would be in the case that Mrs. Pfost should lose in the primary elections. (100-357934-287)

Personnel records fail to reflect that she has ever endorsed anyone for Bureau employment.

RECOMMENDATION: None. For information.

cc - Mr. Nichols  
 DGH:rcw

RECORDED - 73  
 INDEXED - 73  
 EX-138  
 12  
 100-385355-28  
 SEP 10 1953  
 SEC

CARROLL REECE  
1ST DIST., TENN.

REPUBLICAN NATIONAL  
COMMITTEEMAN FOR TENNESSEE

COMMITTEES:  
RULES  
REPUBLICAN POLICY

Congress of the United States  
House of Representatives

Washington, D. C.

October 16, 1953

Honorable J. Edgar Hoover  
Director  
Federal Bureau of Investigation  
Washington 25, D. C.

Dear Sir:

I would very greatly appreciate it if you would  
be kind enough to have your files checked and see  
if they reveal any material information on the following:

Mr. Norman ~~X~~ Dodd, who has been selected for Director  
for Research, of 415 East 58th Street, New York City.  
He is on leave from Delafield and Delafield, 14 Wall Street,  
New York City.

Mr. Thomas M. ~~X~~ McNiece, Assistant Director for  
Research, of 26 Barclay Road, Scarsdale, New York.

Miss Kathryn P. ~~X~~ Casey, Research Assistant, of  
2800 Quebec Street, NW., Washington, D. C.

Miss Ellyn ~~X~~ Lake, Secretary to the General Counsel,  
temporary address - c/o Mr. and Mrs. Norman ~~X~~ Dodd, 415 E. 58th St.  
New York City.

Mr. John ~~X~~ Marshall, Jr., 5100 Moreland Lane, Bethesda, Md.

Dr. Karl Egmont ~~X~~ Ettinger, Assistant Director for Research,  
144 - E. 24th St., New York 10, N. Y.

INDEXED - 51

RECORDED - 51

SE-17

OCT 19 1953

11-9

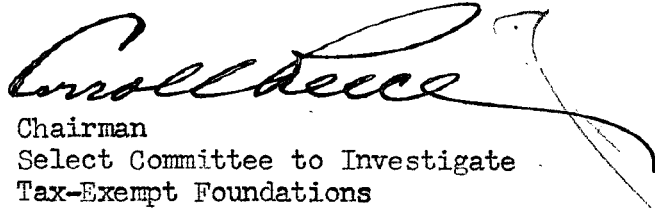
58 DEC 3 1953

-2-

128-4246  
Miss Carolyn ~~Miller~~, 4108 Lee Highway, Arlington, Va. D.C.

With best wishes,

Sincerely yours,

  
Chairman  
Select Committee to Investigate  
Tax-Exempt Foundations

November 4, 1953

INDEXED - 51  
RECORDED - 51  
SE-17

PERSONAL AND ~~CONFIDENTIAL~~  
BY SPECIAL MESSENGER

100-385355-29

Honorable Carroll Reece,  
~~Chairman~~  
Select Committee to Investigate  
Tax-Exempt Foundations  
House of Representatives  
Washington, D. C.

Jm 19-1  
Jm 2-1  
Jm 10-1

My dear Congressman:

Reference is made to your letter of October 16, 1953, requesting a check of our files relative to Mr. Norman Dodd, Mr. Thomas M. McNiece, Miss Kathryn P. Casey, Miss Ellyn Lake, Mr. John Marshall, Jr., Dr. Karl Egmont Ettinger and Miss Carolyn Miller.

In connection with your request, I wish to advise that in view of the confidential character of our files and the necessity of adhering to Departmental regulations, I have taken the matter up with the office of the Deputy Attorney General. It has been agreed that Departmental regulations will not permit the requested dissemination of information.

Sincerely yours,

J. Edgar Hoover

BY SPL MSGR  
62 NOV

U.S. DEPT. OF JUSTICE  
FBI

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NOV 4 5 22 PM '53

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NOV 4 5 22 PM '53

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NOV 4 5 22 PM '53

Tolson  
Ladd  
Clegg  
Glavin  
Nichols  
Rosen  
Tracy  
Harbo  
Belmont  
Mohr  
Tele. Room  
Nease  
Gandy

11/15/53

58 NOV 19 1953

MA

Subj: Marshall, John Jr. 4-22

Address: \_\_\_\_\_

Birthdate: \_\_\_\_\_ SUPV: \_\_\_\_\_

Misc: \_\_\_\_\_

R# \_\_\_\_\_ Date 10/20 Searcher Initial JS9

FILE NUMBER

SERIAL

NV ✓ 62-49778	
NR ✓ 62-20360 (father)	
NR ✓ 62-1144	
1 SOC (42)	
✓ 17-20919	2.25-
NIA ✓ 47-395-01	
NR ✓ 88-2245-	
NV ✓ 62-11667-67	
NR ✓ 100-4910-35-	
NV ✓ 46-15231-15	
NV ✓ 61-7545-103, 253	
NV ✓ 100-357434-7X8	①

4-22

Subj: Marshall, John Jr

Address: \_\_\_\_\_

Birthdate: \_\_\_\_\_ SUPV: \_\_\_\_\_

Misc: \_\_\_\_\_

R# \_\_\_\_\_ Date 10/20 Searcher Initial 829

FILE NUMBER

SERIAL

ND	✓	62-100527-25892	
	✓	116-21287-5	check in serial
NR	✓	105-15349-27488	was 2710
NR	✓	61-10149-642	nd
NR	✓	25-80672-7	12x2
NR	✓	40-19592-3	
NR	✓	100-33849-9-41	
NR	✓	106-2542-2-9-133	127
NR	✓	100-3-14-1924	
NR	✓	100-344452-170	p 71
NR	✓	100-233272-1	chgs - 1943
NR	✓	100-105798-105	⑤

Subj: Marshall, John Jr <sup>4-22</sup>

Address: \_\_\_\_\_

Birthdate: \_\_\_\_\_ SUPV: \_\_\_\_\_

Misc: \_\_\_\_\_

R# \_\_\_\_\_ Date 10/20 Searcher Initial J 29

FILE NUMBER

SERIAL

NV	✓	100-227752-1	15
NR	✓	100-202534-117, 16, 13	13
NV	✓	65-38889-948	
NV	✓	65-3041-17	
NV	✓	65-32039-1	
NV	✓	40-47651-1	
✓		100-7045-214	
NR	✓	100-294079-1	
SI	✓	44-5159-73, 82, 51	
NR	✓	117-833-342	
NV	✓	40-22344-8	
LT		61-7545-25X	(3)



Subj: Marshall, John Jr 4-22

Address: \_\_\_\_\_

Birthdate: \_\_\_\_\_ SUPV: \_\_\_\_\_

Misc: \_\_\_\_\_

R# \_\_\_\_\_ Date 10/20 Searcher Initial 129

FILE NUMBER

SERIAL

NP ✓ 62-12188-APMT. 10/4/48

NE ✓ 62-26909-248

NP ✓ 100-348551-1

NE ✓ 100-105984-4

LT 100-4910-35

NR ✓ 94-3-4-248-283

NI ✓ 94-6-3229

NI ✓ 9-4043-5

NR ✓ 76-11005-4 Photo

NI ✓ 94-4-4806-5

NR ✓ 47-22467-25

NI ✓ 88-2157-4 (4)



4-22

Subj: Stenger, Karl

Address: L. G. Mont

Birthdate: \_\_\_\_\_ SUPV: \_\_\_\_\_

Misc: \_\_\_\_\_

R# \_\_\_\_\_ Date 10/20 Searcher Initial 829

FILE NUMBER

SERIAL

<u>123-6094</u>	<u>1950</u>
<u>24-5405</u>	<u>No investigation</u>
<u>Karl L</u>	
<u>94-35894</u>	
<u>Karl</u>	
<u>65-6656-91</u>	
<u>Searched</u>	<u>Oct 1950</u>

4-22

Subj: Dodd, Norman

Address: 415 East 5th St N.C.

Birthdate: 14 April 1920 SUPV: \_\_\_\_\_

Misc: \_\_\_\_\_

R# \_\_\_\_\_ Date 8-20 Searcher Initial 8-21

FILE NUMBER

SERIAL

NR 82-5610	
ND 121-34698-5	
ND 161-7566-1434	
NR 100-316012-105 p14	
Norman Grey bldg	
NR 121-4-347283	

Subj: Take to class

Address: \_\_\_\_\_

Birthdate: \_\_\_\_\_ SUPV: \_\_\_\_\_

Misc: \_\_\_\_\_

R# \_\_\_\_\_ Date 10/20 Searcher Initial 129

SERIAL

NR ✓ Ellen (var)  
NR ✓ 87-9293-13

R# \_\_\_\_\_ Date 10-20 Searcher Initial 10

SERIAL

\_\_\_\_\_

R# \_\_\_\_\_ Date 10-20 Searcher Initial 14

FILE NUMBER

SERIAL

NR

4-22

Subj: Cassidy, Miss Kathryn P.

Address: Phoenicia Aest

Birthdate: 2800 Quebec SUPV: NW Wad

Misc: \_\_\_\_\_

# \_\_\_\_\_ Date 10-10 Searcher Initial vs

FILE NUMBER

SERIAL

N/R

lll



## Office Memorandum • UNITED STATES GOVERNMENT

TO : MR. TOLSON *Vm*DATE: Oct. 30, 1953 *RS* *Y*

FROM : L. B. NICHOLS

SUBJECT: CONGRESSMAN WAYNE L. HAYS  
Select Committee to Investigate Tax-Exempt Foundations

Tolson \_\_\_\_\_  
Ladd \_\_\_\_\_  
Clegg \_\_\_\_\_  
Glavin \_\_\_\_\_  
Harbo \_\_\_\_\_  
Rosen \_\_\_\_\_  
Tracy \_\_\_\_\_  
Gandy \_\_\_\_\_  
Winterrowd \_\_\_\_\_  
Tele. Room \_\_\_\_\_  
Holloman \_\_\_\_\_  
 Sizoo \_\_\_\_\_  
Miss Gandy \_\_\_\_\_

I returned the call of Congressman Wayne L. Hays of Ohio. I told the Congressman that with reference to his call earlier the Director was out of the city and I was calling to see if I could be of any assistance. The Congressman stated he did not know, that he wanted to see the Director. I told him the Director was not here. He stated he knew that but that he has a matter which he wishes to discuss with the Director and he will come back to see the Director next week or whenever the Director gets into town. I then inquired if in the meantime I could assist him.

He then stated "frankly, I think I am being cagily handled up there." I inquired as to just what he meant. He stated he was not the least bit devious, that he had no compunction in telling me what he had in mind, namely, that he was the ranking Minority member of a Committee to Investigate Foundations, that the Chairman of the Committee had requested information from the Bureau, it had been furnished to the Chairman, and the Chairman had called it to the attention of the Committee, that the Chairman had since told him, Congressman Hays, that someone from the Bureau called the Chairman (Congressman Carroll Reece) and "raised 'hell' because he showed the letter to me."

Mr. Hays stated he did not think that Congressman Reece should be criticized but that he, Congressman Hays, is up in arms because the Bureau's action in protesting to Reece was in effect a reflection on the record, patriotism, and integrity of him, Congressman Hays, and he, the Congressman, is not going to stand for it. He got emotional at this point and stated that he hates the Commies and has fought the Communists as much as anybody else, that he will put his patriotism up alongside of that of AG Brownell, J. Edgar Hoover, or anyone else.

He then stated that Charles B. Holstein about whom Reece communicated with the Bureau had been recommended to him, Congressman Hays, and in turn he had recommended Holstein to Reece.

He then stated that the business of a staff is the business of every member of the Committee and that he didn't want Holstein or anyone else on the staff if there is anything wrong and he didn't want to be put in the position of recommending

LBN:FML

CC - Mr. Ladd

Mr. Holloman

11-2-53

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anyone if they were wrong.

He then went on to relate he always tried to work with the FBI, that he had furnished information on people to us and that he had gotten some people to come into the Bureau but that he wanted to see the Director and wanted to clear up as quickly as possible the reflection which now hangs over his patriotism.

I told him he was being silly to entertain any such thoughts, that the Bureau had cast no reflection upon his patriotism or his integrity, that as he very well knew the Bureau was a service agency, it did not make policy, and that it carried out the policies and regulations set down by the Department.

The Congressman then stated that the Committee had asked to have its staff cleared by the Bureau and he couldn't understand why the Committee couldn't be shown reports from the Bureau and that "I want to tell you right now that when we win the election in 1954 if I become chairman of a Committee, I will feel free to discuss reports received from the FBI and the Department with the Committee, and the Department can go jump into the river."

He then stated he was as security conscious as anyone else and reiterated that Holstein had been recommended to him, he in turn had recommended Holstein to Reece, and he could not understand why we would protest to Reece the fact that Reece showed a report to the Committee.

I told Congressman Hays, as I previously told him, the Bureau is not a policy making organization, that the report was sent to Congressman Reece following consultation with the Department and under Departmental regulations such reports go to the Chairman of the Committee.

Hays stated he did not want to be hostile but he wanted this matter cleared up and that he told Reece he wanted it cleared up and Reece agreed it should be cleared up, that he told Reece he was going to see the Director and Reece agreed this was the thing to do.

I told him again the Director was not in town, that I, of course, would be glad to relay to the Director our conversation, that quite frankly there was nothing the Director could tell him that I had not already told him and that the thing for him to do was to take the matter up with the Department. In this connection, I had previously made this point in discussing the fact we were not a policy-making organization. I told him this earlier in the conversation and I told him this at least three times. He then asked who he should take it up with, Mr. Brownell,

and I suggested he take it up with the Deputy Attorney General's office.

He said he might do this but he still wanted to see the Director, that he will not be available the next week but the following week he could come down here any day, that as a matter of fact he will probably be coming to Washington for a day or two and he asked that we let him know when the Director can see him. I told him I would convey his message to the Director.

Handwritten notes in cursive script, mostly illegible due to fading. Some legible words include "Director", "Washington", "coming", "day or two", "convey".

Handwritten initials or signature, possibly "A. H. H." or similar.

The Attorney General

November 10, 1953

Director, FBI

100-385355-✓  
CONGRESSMAN WAYNE L. HAYS, DEMOCRAT, OHIO

By letter dated September 16, 1953, Congressman B. Carroll Reece, Chairman of the Select Committee to Investigate Tax-Exempt Foundations, asked the Bureau to have a check made on Mr. Charles B. Holstein, who was formerly employed by the Buchanan Anti-Lobby Committee in the House, who was under consideration for employment as an investigator for the committee of which Congressman Reece was Chairman. A check was made of our files and since it was felt that we were in possession of information pertinent to Congressman Reece's query, the matter was taken up with Mr. Rogers as to whether the information requested by Congressman Reece should be furnished him. Mr. Rogers agreed that in view of the nature of the information a letter should be forwarded under personal and confidential cover furnishing the information to Congressman Reece. For your information, I am attaching hereto a copy of the Bureau's letter dated September 24, 1953, to Congressman Reece.

On September 30th Congressman Reece communicated with the Bureau and stated that Mr. Charles B. Holstein had been recommended for a position as a staff member by Congressman Wayne L. Hays of Ohio representing the minority on the committee of which Congressman Reece is Chairman. The Congressman stated that in view of the information available in the Bureau's files he was requesting that a full field investigation be made in order that the full facts might be developed to determine whether Holstein was suitable for employment. Congressman Reece was informed that we could not normally do this, but due to the importance of the position involved, we would make a special exception and conduct a full field investigation.

In the meantime, Congressman Wayne L. Hays addressed a communication to the Bureau under date of October 19th wherein he stated that at a meeting of the committee on October 16th Congressman Reece showed him a letter from the Bureau concerning Mr. Charles B. Holstein. Mr. Hays requested a copy of the Bureau's letter of September 24, 1953, addressed to Congressman Reece along with any other material about Mr. Holstein which might be available.

As such as it appeared that Congressman Reece had violated the Bureau's confidence, a representative of the Bureau

cc - Mr. William F. Rogers  
Deputy Attorney General

Enclosures (8)

Tolson \_\_\_\_\_  
Ladd \_\_\_\_\_  
Nichols \_\_\_\_\_  
Belmont \_\_\_\_\_  
Clegg \_\_\_\_\_  
Glavin \_\_\_\_\_  
Harbo \_\_\_\_\_  
Rosen \_\_\_\_\_  
Tracy \_\_\_\_\_  
Garry \_\_\_\_\_  
Mohr \_\_\_\_\_

The Attorney General

November 10, 1953

contacted him regarding the Hays letter. Congressman Reece was advised that the Bureau had been placed in an embarrassing position by exhibiting the letter which we had addressed to him to Congressman Hays. Congressman Reece admitted that he had made a mistake. In the meantime, we had completed our investigation on Mr. Holstein and the Congressman was advised that a final determination had not been made on the handling of this.

I had Mr. Nichols confer with Mr. Robert Minor, the Acting Deputy Attorney General, on the handling of the requests of Congressmen Hays and Reece. By letter dated October 29, 1953, Congressman Hays was advised that in line with Departmental policy, it would not be possible to comply with his request, and Congressman Reece was likewise advised that it would not be possible to provide him with any additional information concerning Mr. Holstein. I am transmitting herewith a copy of Congressman Hays' letter of October 19th, copies of my letters to Congressmen Hays and Reece dated October 29th and a copy of the summary of our investigation pertaining to Mr. Charles B. Holstein dated October 26, 1953.

On October 30th, after Congressman Hays had received my letter, he called my office and in my absence talked to one of my assistants. He complained about our failure to furnish him the information requested, protested our criticism of Congressman Reece's having shown him the Bureau's letter of September 24, 1953, and stated that he considered our declining to furnish information to him as a reflection on his record of patriotism and integrity. He said that he had recommended Mr. Holstein to Congressman Reece. He asserted that he did not want to be hostile but that he wanted this matter cleared up and that Congressman Reece agreed with him in this respect. He was advised that the Bureau is a service agency, not a policy-making organization, and of necessity adheres to the policies and regulations laid down by the Department. He was told that it would not be possible for the Bureau to make available to him a copy of the Bureau's letter of September 24th to Congressman Reece, and that under Departmental practices such reports are made available only to a chairman of a committee.

Congressman Hays was advised of my absence from the city. He requested that I communicate with him during the week of November 9th so that he might come to Washington for a conference. I do not see that any purpose could be served by my seeing

The Attorney General

November 10, 1938

Comrade [Name] and, in the event of receiving further inquiries from him, he will be referred to the office of the Deputy Attorney General.

I also wish to call to your attention the fact that under date of October 1938, Congressmen were requested a check of our files for any information on seven additional individuals. A copy of this letter is attached and I have advised Congressman [Name] under date of November 1938, following consultations by Mr. Nichols with Mr. [Name], the Acting Deputy Attorney General, that Government regulations will not permit the repeated dissemination of his information. A copy of a letter of November 1938 is likewise attached. I am calling the foregoing to your attention in order that you may be in possession of the full facts should either [Name] or Congressman [Name] communicate with the Department.







**1. INTRODUCTION**

SUGGESTED BUREAU INDEXING☐

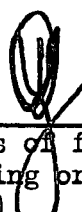
No additional indexing required.  
Derogatory information regarding  
individuals listed herein other than  
subject previously reported or is  
currently being submitted by this  
office in individual reports relating  
to these persons.

☐

Above applies, with the exception of  
those names checked in blue ink on  
right-hand margin, original pages.

☒

New information. Normal indexing  
suggested.

  
\_\_\_\_\_  
(Initials of field  
dictating or reviewing  
Agent.)

Use of Benevolent Trusts, Philanthropies and  
Eleemosynary Institutions To Implement The

Programs of Subversive Groups

9/15/53

SAC LETTER NO. 53-64

(J) TAX EXEMPT FOUNDATIONS -- There has been noted in recent years an increasing utilization of tax exemption privileges by benevolent trust funds, philanthropic foundations and similar groups. In order to insure that information concerning such organizations is appropriately handled, you are hereby advised that Bureau policy as it pertains to subversive organizations is also applicable to organizations claiming tax exemption privileges.

All derogatory information concerning such organizations including that pertaining to individuals and other organizations who are recipients of grants therefrom should be promptly furnished to the Bureau. Security investigations should be initiated only in those instances when information has been obtained indicating that elements of the Communist Party or other subversive groups control the organization or are primary beneficiaries of their grants. The fact that an organization determined to be or suspected of being subversive may have tax exempt status is incidental to the Bureau's interests although such information should, of course, be furnished the Bureau in order that the Treasury Department may be advised.

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87 OCT 1-1953

## Office Memorandum • UNITED STATES GOVERNMENT

TO : DIRECTOR, FBI

DATE: May 14, 1954

FROM : SAC, WFO (62-0)

SUBJECT: HOUSE COMMITTEE TO INVESTIGATE  
TAX EXEMPT FOUNDATIONS  
MISCELLANEOUS

Mr. Tolson	_____
Mr. Boardman	_____
Mr. Nichols	_____
Mr. Belmont	_____
Mr. Harbo	_____
Mr. Rosen	_____
Mr. Tamm	_____
Mr. Tracy	_____
Mr. Mohr	_____
Mr. Winterrowd	_____
Tele. Room	_____
Mr. Holloman	_____
Miss Gandy	_____

On May 13, 1954, Captain LEE LAUREN, 9606 Bellevue Drive, Bethesda, Maryland, telephonically contacted this office and advised he is employed by the above captioned Committee, of which Representative B. CARROLL REECE is Chairman.

After furnishing information concerning another matter Captain LAUREN advised he had just mailed anonymously a copy of an interim report of the Research Director of the Committee to the Director. Captain LAUREN stated he felt the Director would be interested in the contents of the report and therefore took it upon himself to mail a copy to him. He said he had not had an opportunity to discuss the matter with Congressman REECE prior to mailing the report to the Director.

He described the report as being mimeographed and containing two parts. He said it was a general outline of the method by which the Committee is conducting the research in connection with tax exempt foundations and conclusions which might be drawn concerning these foundations.

Above furnished the Bureau as of some possible assistance in identifying this document at the Bureau.

LEG/mmd

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MAY 24 1954

JUN 1 1954

WFO  
INT. SEC.LMD  
JL

DO-6

OFFICE OF DIRECTOR  
FEDERAL BUREAU OF INVESTIGATION  
UNITED STATES DEPARTMENT OF JUSTICE

Mr. Tolson \_\_\_\_\_  
Mr. Boardman \_\_\_\_\_  
Mr. Nichols \_\_\_\_\_  
Mr. Belmont \_\_\_\_\_  
Mr. Glavin \_\_\_\_\_  
Mr. Harbo \_\_\_\_\_  
Mr. Rosen \_\_\_\_\_  
Mr. Tamm \_\_\_\_\_  
Mr. Tracy \_\_\_\_\_  
Mr. Mohr \_\_\_\_\_  
Mr. Jones \_\_\_\_\_  
Mr. Winterrowd \_\_\_\_\_  
Tele. Room \_\_\_\_\_  
Mr. Holloman \_\_\_\_\_  
Miss Holmes \_\_\_\_\_  
Miss Gandy \_\_\_\_\_

*W. J. [Signature]*

*Use of Bureau [unclear] [unclear]*

*see 100-385355-30*

*File*  
*Speed required*  
*4/28*

*1 [unclear]*  
*5 5 JUN 2 1954*

INDEXED-74

EX-108

*100-385355-31*

NOT RECORDED

MAY 26 1954

*INT. SEC.*

A REPORT  
from  
NORMAN DODD, DIRECTOR OF RESEARCH  
covering his direction of the Staff  
of  
THE SPECIAL COMMITTEE  
of  
THE HOUSE OF REPRESENTATIVES  
to  
~~INVESTIGATE TAX EXEMPT FOUNDATIONS~~  
for  
the six months' period  
November 1, 1953 -- April 30, 1954

\* \* \*

Prepared in accordance with the sug-  
gestion which the Director of Research  
made to the Committee at its meeting  
in Washington, D.C. on Thursday, the  
29th of April, 1954 for submission to:

HON. B. CARROLL REECE (TENN.), CHAIRMAN  
HON. JESSE P. WOLCOTT (MICH.)  
HON. ANGIER L. GOODWIN (MASS.)  
HON. WAYNE L. HAYS (OHIO)  
HON. GRACIE PFOST (IDAHO)  
.....MEMBERS.....

100-385355-31  
ENCLOSURE

## F O R E W O R D

As the report which follows may appear to have stressed one aspect of Foundation giving to the exclusion of others, I take this opportunity to call attention to the fact that innumerable public benefits are traceable to the philanthropy in which Foundations have been engaged. Both in volume and kind these benefits must appear to any student of this subject to have been without parallel. And in the vast majority of instances they must be regarded as beyond question either from the standpoint of their conformity to the intentions of their donors or from the standpoint of the truly American quality of their consequences.

I also wish to acknowledge the cooperation which, without exception, has been extended by Foundations to the staff whenever it was found necessary to solicit information from them either directly or in writing.

Finally, I take this opportunity to state that in the degree the following report appears to be critical, I sincerely hope it will be deemed by the Committee, Foundations, and the public alike to be constructively so. It was in this spirit that the work of which this report is a description was undertaken and completed.

Norman Dodd  
Research Director



## PART I

### INTRODUCTION

Immediately the staff was assembled, I initiated studies -

To secure a full understanding of the ground covered by the Cox Committee as disclosed in the Hearings it held, the files it maintained, and the report it rendered.

To determine the dimensions of the subject to be investigated and studied, and to satisfy myself as to its contents and its probable ramifications.

To define the words: foundation, un-American, subversive, political, and propaganda, in the sense in which they are used in H. Res. #217 and, if possible, dispose of their controversial connotations.

To familiarize myself with the expressions of purpose customarily used in Foundation charters.

Simultaneously, I undertook additional studies: to determine the validity of the criticism levelled against the work done by the Cox Committee; to substantiate or disprove the prevalent charge that Foundations were guilty of favoritism in the making of educational grants; to examine the charge that, as a result of this favoritism, a few selected universities and scholars had been able to dominate the field of research to their own advantage; and to prove or disprove the accusations that Foundations had been responsible for a deterioration in the standards to which our scholars and teachers had previously conformed.

#### DIMENSIONS AND CONTENTS

Once the aforementioned studies had been completed - keeping in mind the five determinations which the Committee had been directed to make - I concluded that the dimensions of the subject to be investigated and studied were - 6,000 to 7,000 Foundations, capital resources approximating \$7,500,000,000, annual disbursements in the form of grants amounting to at least \$300,000,000, a time-span of 50 years (1903 - 1953),

and a number of grants conservatively estimated at 50,000, with approximately 15% of these funds concentrated in 1/20% of the number of Foundations - specifically, Carnegie and Rockefeller - which happen to be the oldest.

In content, I discovered the subject included grants for every form of charity and support of research within the limits of the arts, the sciences, the religions, the philosophies, and the many subdivisions of these well-known disciplines. It also embraced grants to cover the cost of such physical facilities as school and university buildings, hospitals, churches, settlement houses, homes for recuperation, libraries and art galleries, and the permanent collections housed in each.

Finally, I found that the subject included a myriad of Fellowships awarded to scholars and artists active in fields too numerous to mention, let alone classify for the purpose of accurate evaluation.

#### DEFINITIONS

These studies also enabled me to settle upon the following definitions:

Foundations - Those organizations resulting from the capitalization of the desire on the part of an individual, or a group of individuals, to divert his or their wealth from private use to public purpose.

Un-American and Subversive - Any action having as its purpose the alteration of either the principle or the form of the United States Government by other than constitutional means. (This definition is derived from a study of this subject made by the Brookings Institute at the request of the House Un-American Affairs Committee.)

Political - Any action favoring either a candidacy for public office, or legislation or attitudes normally expected to lead to legislative action.

Propaganda - Action having as its purpose the spread of a particular doctrine or a specifically identifiable system of principles. (In use this word has come to infer half-truths, incomplete truths, as well as techniques of a covert nature.)

## CHARTER PROVISIONS

The purposes of Foundations were revealed by these studies to be generally of a permissive, rather than a mandatory character. Customarily, they were expressed to place the burden of interpretation on either trustees or directors. Such words as "educational", "charitable", "welfare", "scientific", "religious", were used predominantly to indicate the areas in which grants were permitted. Phrases such as "for the good of humanity" and "for the benefit of mankind" occurred frequently. The advancement of such general concepts as "peace" and either "international accord" or "international understanding" was noticeable as a purpose for which Foundations had been established.

To illustrate the extent to which the burden of interpretation is frequently placed upon trustees of Foundations, I cite the following:

" . . . administered and operated by the trustees exclusively for the benefit of, . . .  
(the) income therefrom shall be distributed by the trustees exclusively in the aid of, such religious, educational, charitable and

scientific uses and purposes as, in the judgment of the trustees, shall be in furtherance of the public welfare and tend to assist, encourage and promote the well-doing or well-being of mankind, or of any community."

#### COX COMMITTEE CRITICISMS

There were eight criticisms leveled at the Cox Committee:

- 1) Time and facilities were inadequate.
- 2) Excuses concerning grants to Communists were too readily acceptable.
- 3) Trustees and officers were not under oath.
- 4) Only a few foundations were investigated.
- 5) The propaganda activities of Foundations were not investigated.
- 6) Foundations were not asked why they did not support projects of a pro-American type.
- 7) Extensive evidence was not used.
- 8) The Ford Foundation was not investigated.

#### FOUNDATION CRITICISMS

Our studies indicated very clearly how and why a critical attitude could have developed from the assumption that Foundations operating within the sphere of education had been guilty of favoritism in making their grants. After having analysed

responses relating to this subject from nearly 1000 colleges in the United States, it became evident that only a few have participated in the grants made.

However, when the uniqueness of the projects supported by Foundations was considered, it became understandable why institutions such as Columbia, Harvard, Chicago and the University of California had received monies in amounts far greater than had been distributed to others. Originally, scholars capable of handling these unique subjects were few. Most of them were members of these seemingly favored institutions.

Now that these subjects no longer appear to be regarded as unique and sufficient time has elapsed within which to train such competent specialists, the tendency of Foundations to distribute grants over a wider area has become noticeable.

The purported deterioration in scholarship and in the techniques of teaching which, lately, has attracted the attention of

the American public, has apparently been caused primarily by a premature effort to reduce our meagre knowledge of social phenomena to the level of an applied science.

APPROACH

As this report will hereafter contain many statements which appear to be conclusive, I emphasize here that each one of them must be understood to have resulted from studies which were essentially exploratory. In no sense should they be considered proved. I mention this in order to avoid the necessity of qualifying each as made.

Confronted with the foregoing seemingly justifiable conclusions and with the task of assisting the Committee to discharge its duties as set forth in H. Res. #217, within the seventeen month period, August 1, 1953 - December 31, 1954, it became obvious to me that it would be impossible to



perform this task if the staff were to concentrate on the internal practises and the grant-making policies of Foundations themselves. It also became obvious that if the staff was to render the service for which it had been assembled, it must expose those factors which were common to all Foundations, and reduce them to terms which would permit their effects to be compared with the purposes set forth in Foundation charters, the principles and the form of the United States Government, and the means provided by the Constitution for altering either these principles or this form.

In addition, these common factors would have to be expressed in terms which would permit a comparison of their effects with the activities and interests connoted by the word "political", and also with those ordinarily meant by the word "propaganda".

Our effort to expose these common factors revealed only one, namely - "the public interest". It further revealed that if this

finding were to prove useful to the Committee, it would be necessary to define "the public interest". We believe this would be found in the principles and form of the Federal Government, as expressed in our Constitution and in our other basic founding documents.

This will explain why subsequent studies were made by the staff of the size, scope, form and functions of the Federal Government for the period 1903 - 1953, the results of which are set forth in detail in a report by Thomas M. McNiece, Assistant Research Director, entitled, "THE ECONOMICS OF THE PUBLIC INTEREST".

These original studies of "the public interest" disclosed that during the four years, 1933 - 1936, a change took place which was so drastic as to constitute a "revolution". They also indicated conclusively that the responsibility for the economic welfare of the American people had been transferred heavily to the Executive branch of the Federal Government; that a corresponding change in education had taken place from an impetus

outside of the local community, and that this "revolution" had occurred without violence and with the full consent of an overwhelming majority of the electorate:

In seeking to explain this unprecedented phenomenon, subsequent studies pursued by the staff clearly showed it could not have occurred peacefully, or with the consent of the majority, unless education in the United States had prepared in advance to endorse it.

These findings appeared to justify two postulates:

- 1) - that the policies and practices of institutions purporting or obliged by statute to serve "the public interest" would reflect this phenomenon, and
- 2) that Foundations whose trustees were empowered to make grants for educational purposes would be no exception,

on the basis of which, after consultation with Counsel, I directed the staff to explore Founda-

tion practices, educational procedures, and the operations of the Executive branch of the Federal Government since 1903 for reasonable evidence of a purposeful relationship between them.

Its ensuing studies disclosed such a relationship and that it had existed continuously since the beginning of this 50-year period. In addition, these studies seem to give evidence

of a response to our involvement in international affairs. Likewise, they seemed to reveal that grants had been made by Foundations (chiefly by Carnegie and Rockefeller) which were used to further this purpose by:

Directing education in the United States toward an international viewpoint and discrediting the traditions to which it had been dedicated.

Training individuals and servicing agencies to render advice to the Executive branch of the Federal Government

Decreasing the dependency of education upon the resources of the local community and freeing it from many of the natural safeguards inherent in this American tradition.

Changing both school and college curricula to the point where they sometimes denied the principles underlying the American way of life.

Financing experiments designed to determine the most effective means by which education could be pressed into service of a political nature.

At this point the staff became concerned with:

Identifying all the elements comprising the operational relationship between Foundations, education and government, and determining the objective to which this relationship had been dedicated and the functions performed by each of its parts.

Estimating the costs of this relationship and discovering how these costs were financed.

Understanding the administration of this relationship and the methods by which it was controlled.

Evaluating the effect of this operational relationship upon "the public interest" and upon the social structure of the United States.

Comparing the practices of Foundations actively involved in this relationship with the purposes for which they were established and with the premises upon which their exemption from taxation by the Federal Government is based.

In substance, this approach to the problem of providing the Committee with a clear understanding of Foundation operations can best be described as one of reasoning from total effect to primary and secondary causes.

We have used the scientific method and included both inductive and deductive reasoning as a check

against the possibility that a reliance upon only one of these might lead to an erroneous set of conclusions.

Neither the formal books and records maintained by Foundations operating within the educational sphere, nor any of their supplemental or less formal reports to the public, make it possible to appraise the effect of their grants with any degree of accuracy. We needed to turn to the grantees - rather than the grantors - for the information required by the Committee to make the specific determinations requested by the Congress in H. Res. #217, namely:

Have Foundations - used their resources for purposes contrary to those for which they were established?

- used their resources for purposes which can be classed as un-American?

Have Foundations - used their resources for  
purposes which can be re-  
garded as subversive?

- used their resources for  
political purposes?

- resorted to propaganda in  
order to achieve the objec-  
tives for which they have  
made grants?

To insure these determinations being  
made on the basis of impersonal facts, I directed  
the staff to make a study of the development of  
American education since the turn of the century  
and of the trends in techniques of teaching and of  
the development of curricula since that time. As  
a result, it became quite evident that this study  
would have to be enlarged to include the accessory  
agencies to which these developments and trends  
had been traced.

The work of the staff was then expand-  
ed to include an investigation of such agencies as:



The American Council of Learned Societies, the National Research Council, the Social Science Research Council, the American Council on Education, the National Education Association, the League for Industrial Democracy, the Progressive Education Association, the American Historical Association, John Dewey Society, and the Anti-Defamation League.

PART II

Continuation of -17-

ACCESSORY AGENCIES

To characterize some of these briefly:

The American Council of Learned Societies was founded in 1919 to encourage humanistic studies, includ-

ing some which today are regarded as social sciences. It is comprised of 24 constituent member associations. In its entirety, it appears to dominate scholarship in this country.

The National Research Council was established in 1916, originally, as a preparedness measure in connection with World War I. Its charter was renewed in 1919, since which time, on behalf of its 8 member associations, it has been devoted to the promotion of research within the most essential areas ordinarily referred to as the exact and applied sciences.

The Social Science Research Council was established in 1923 to advance research in the social sciences. It acts as spokesman for 7 constituent member associations representing all of the subdivisions of this new field of knowledge, i.e., history, economics, sociology, psychology, political science, statistics, and anthropology.

The American Council on Education was founded in 1918 "to coordinate the services which educational institutions and organizations could contribute to the Government in the national crisis brought about

by World War I." Starting with 14 constituent or founding organizations, this formidable and influential agency has steadily expanded until today its membership is reported to consist of:

- 79 constituent members (national and regional educational associations)
- 64 associate members (national organizations in fields related to education)
- 954 institutional members (universities, colleges, selected private school systems, educational departments of industrial concerns, voluntary associations of colleges and universities within the states, large public libraries, etc.).

The National Education Association was established in 1857 to elevate character, advance the interests of the teaching profession and to promote the cause of popular education in the United States. Broadly speaking, this powerful entity concentrates on primary and secondary schools. Its membership is reported to consist of 520,000 individuals who include in addition to teachers -

superintendents, school administrators and school secretaries. It boasts that it is "the only organization that represents or has the possibility of representing the great body of teachers in the United States", thus inferring a monopolistic aim.

The League For Industrial Democracy came into being in 1905, when it was known as the Intercollegiate Socialist Society, for the purpose of awakening the intellectuals of this country to the ideas and benefits of socialism. This organization might be compared to the Fabian Society in England, which was established in 1884 to spread socialism by peaceful means.

The Progressive Education Association was established around 1880. Since then it has been active in introducing radical ideas to education which are now being questioned by many. They include the idea that the individual must be adjusted to the group as a result of his or her educational experience, and that democracy is little more than a system for cooperative living.

The American Historical Association was established in 1889 to promote historical studies. It is interesting to note that after giving careful consideration, in 1926, to the social sciences, a report was published under its auspices in 1934 which concluded that the day of the individual in the United States had come to an end and that the future would be characterized, inevitably, by some form of collectivism and an increase in the authority of the State.

The John Dewey Society was formed in February 1936, apparently for the two-fold purpose of conducting research in the field of education and promoting the educational philosophy of John Dewey, in honor of whom the society was named. It could be supposed that those who were members of this organization would be devoted to the premises upon which Dr. Dewey had based his experiments in education since 1896. Basically, these were pragmatic and a stimulus to empirical thinking. He held that ideas were instruments and that their truth or falsity depended upon whether or not they worked successfully.

The broad study which called our attention to the activities of these organizations has revealed not only their support by Foundations, but has disclosed a degree of cooperation between them which they have referred to as "an interlock", thus indicating a concentration of influence and power. By this phrase they indicate they are bound by a common interest rather than a dependency upon a single source for capital funds. It is difficult to study their relationship without confirming this. Likewise, it is difficult to avoid the feeling that their common interest has led them to cooperate closely with one another and that this common interest lies in the planning and control of certain aspects of American life through a combination of the Federal Government and education.

This may explain why the foundations have played such an active role in the promotion of the social sciences, why they have favored so strongly the employment of social scientists by the Federal Government and why they seem to have used their influence to transform education into an instrument for social change.

We wish to stress the importance of questioning change only when it might involve developments detrimental to the interests of the American people, or when it is promoted by a relatively small and tightly knit group backed by disproportionately large amounts of money which could threaten the American ideal of competition.

In summary, our study of these entities and their relationship to each other seems to warrant the inference that they constitute a highly efficient, functioning whole. Its product is apparently an educational curriculum designed to indoctrinate the American student from matriculation to the consummation of his education. It contrasts sharply with the freedom of the individual as the cornerstone of our social structure. For this freedom, it seems to substitute the group, the will of the majority, and a centralized power to enforce this will - presumably in the interest of all. Its development and production seems to have been largely the work of those organizations engaged in research, such as the Social Science Research Council and the National Research Council.



The demand for their product seems to come from such strong and sizeable aggregations of interests as the National Education Association and the American Council on Education, whose authorities seem to see in it the means by which education can render a national service. They make frequent reference to this service as synonymous with "the cause of education" and tend to criticize strongly anyone who dares to doubt the validity of their conclusions.

Its promotion appears to have been managed by such organizations as the Progressive Education Association, the American Historical Association, the League For Industrial Democracy, the John Dewey Society and the Anti-Defamation League. Supplementing their efforts were others, such as: the Parent-Teachers Association, the National Council of Churches, and the Committee For Economic Development, each of which has played some part in adjusting the minds of American citizens to the idea of planning and to the marked changes which have taken place in "the public interest".

Others, too, are engaged in the dissemination of this idea as being essential to the security of this country. Neither time nor funds have permitted me to direct the attention of the staff to the operations and influence of any but a few of these, beyond taking notice of their existence and the purposes which they serve.

From our studies, it appears that the overall administration of this functioning whole and the careful selection of its personnel seem to have been the peculiar interest of the American Council of Learned Societies. It is interesting to note that, by legislative action recently, another entity has been brought into being known as the National Science Foundation, whose purpose is to develop a national policy with respect to science. Its additional purpose is to serve our Government in an advisory capacity in connection with the huge appropriations now being made for research in the interest of effective controls. Evidence exists of close cooperation between privately endowed Foundations, the agencies through which they have operated and the educational institutions through which they have been accustomed to make grants for research. This process may

contribute to an undesirable degree of concentrated power.

It is also interesting to note that by comparison with funds for research provided by Foundations, those now flowing from our Government are so large that they dwarf Foundation contributions. This promises to be true for some time to come and indicates that Foundations may extend their influence over a wider area than in the past.

The result of the development and operation of the network in which Foundations have played such a significant role seems to have provided this country with what is tantamount to a national system of education under the tight control of organizations and persons little known to the American public. Its operations and ideas are so complex as to be beyond public understanding or control. It also seems to have resulted in an educational product which can be traced to research of a predominantly empirical character in the inexact or social sciences.

In these fields the specialists, more often than not seem to have been concerned with the pro-

duction of empirical data and with its application. Principles and their truth or falsity seem to have concerned them very little.

In what appears from our studies to have been zeal for a radically new social order in the United States, many of these social science specialists apparently gave little thought to either the opinions or the warnings of those who were convinced that a wholesale acceptance of knowledge acquired almost entirely by empirical methods would result in a deterioration of moral standards and a disrespect for principles. Even past experience which indicated that such an approach to the problems of society could lead to tyranny, appears to have been disregarded.

For these reasons, it has been difficult for us to dismiss the suspicion that, latent in the minds of many of the social scientists has lain the belief that, given sufficient authority and enough funds, human behavior can be controlled, and that this control can be exercised without risk to

either ethical principles or spiritual values and that, therefore, the solution to all social problems should be entrusted to them.

In the light of this suspicion and the evidence which supports it, it has been difficult to avoid the conclusion that social scientists of the persuasion I have been discussing have been accepted by Foundations, Government and education as though their claims were true - this in the face of the fact that their validity has been disputed by men well trained in these same disciplines.

In spite of this dispute within his own ranks, the social scientist is gradually becoming dignified by the title "Social Engineer". This title implies that the objective viewpoint of the pure scientist is about to become obsolete in favor of techniques of control. It also suggests that our traditional concept of freedom as the function of natural and constitutional law has already been abandoned by the "social engineer" and brings to mind our native fear of controls - however well intended.

In the face of this, it seems strange that Foundations made no reference in their reports to the consequences to be expected from a new science of society founded upon empiricism and undisciplined by either a set of principles or proved experiments. Apparently they were content to operate on the theory that they would produce usable data for others to employ and rely upon them to account for the effects. It may not have occurred to their trustees that the power to produce data in volume might stimulate others to use it in an undisciplined fashion without first checking it against principles discovered through the deductive process.

Their position that they need not closely follow the effects of their support of such grants also seems strange. Their reports often show that they were supporting such a new "science". The descriptions, however, made it very difficult to judge the ultimate purposes for which this support was being given.

To summarize, both the general and the specific studies pursued by the staff during the

past six months lead me to the tentative conclusion that, within the social science division of education, the foundations have neglected "the public interest" to a severe degree.

In my judgment, this neglect may be found by the Committee to have stemmed from:

The willingness of Foundations -

to support experiments in fields which defied control;

to support these uncontrollable experiments without first having proved them to be "in the public interest"; and

to extend this support without reporting its purpose in language which could be readily understood.

I suggest that the Committee give consideration to the tendency of Foundation trustees to abdicate responsibility. To illustrate: The following statement has been taken from "AN AMERICAN

DILEMMA, The Negro Problem and Modern Democracy"  
by Gunnar Myrdal, with the assistance of Richard  
Sterner and Arnold Rose, Volume II:

"This study was made possible by  
funds granted by Carnegie Corpora-  
tion of New York. That corpora-  
tion is not, however, the author,  
owner, publisher, or proprietor  
of this publication, and is not  
to be understood as approving by  
virtue of its grant any of the  
statements made or views expressed  
therein."

While this refers to but one project out of many,  
it becomes significant when it is realized that  
the project to which these books relate involve some  
\$250,000, and led to the publication of statements  
which were most critical of our Constitution.

The similar tendency to delegate responsi-  
bility will be seen in the support given by Founda-  
tions to agencies such as the Social Science Research  
Council, which disregards the legal concept: "He who  
acts through an agent, acts himself."



FORD FOUNDATION

Finally, I suggest that the Committee give special consideration to the Ford Foundation. This Foundation gives ample evidence of having taken the initiative in selecting purposes of its own. Being of recent origin, it should not be held responsible for the actions or accomplishments of any of its predecessors. It is without precedent as to size, and it is the first Foundation to dedicate itself openly to "problem solving" on a world scale.

In a sense, Ford appears to be capitalizing on developments which took place long before it was founded, and which have enabled it to take advantage of:

the wholesale dedication of  
education to a social purpose -

the need to defend this dedication  
against criticism -

the need to indoctrinate adults  
along these lines -

the acceptance by the Executive branch of the Federal Government of responsibility for planning on a national and international scale -

the diminishing importance of the Congress and the states and the growing power of the Executive branch of the Federal government - and

the seeming indispensability of control over human behavior.

As if they had been influenced directly by these developments, the trustees established separate funds for use in the fields of education, national planning, and politics. They set up a division devoted to the Behavioral Sciences, which includes a Center for Advanced Study, a program of Research and Training Abroad, an Institutional Exchange Program, and miscellaneous grants-in-aid.

Supplementing these major interests are such varied activities as: a TV Radio Work Shop, "external grants", inter-cultural publications, and an operation called the East European Fund, which is about to be terminated.

When it is considered that the capital resources of this Foundation approach, or may exceed, \$500,000,000, and that its income approximates \$30,000,000, each year, it is obvious that before embarking upon the solution of "problems", some effort should be made by the trustees to make certain that their solution is "in the public interest".

It is significant that the policies of this Foundation include making funds available for certain aspects of secret Military research and for the education of the Armed Forces. It becomes even more significant when it is realized that the responsibility for the selection of the personnel engaged in these projects is known to rest on the Foundation itself - subject as it may be to screening by our Military authorities.

In this connection, it has been interesting to examine what the educational aspect of these unprecedented Foundation activities can be expected to produce. The first example is a pamphlet in which the Declaration of Independence is discussed as though its importance lay in the fact that it had raised two, as yet unanswered, questions:

- 1) Are men equal? and do we demonstrate this equality?
- 2) What constitutes "the consent of the governed"? and what does this phrase imply in practice?

By inference, the first question is subtly answered in the negative. By direct statement, the second is explained as submitting to majority rule - but the restriction of the majority by the Constitution is not mentioned. Only an abridged version of the Declaration is printed. It is interesting that this should omit the list of grievances which originally made the general concepts of this Document reasonable.

CONCLUSION

It seems incredible that the trustees of typically American fortune-created foundations should have permitted them to be used to finance ideas and practices incompatible with the fundamental concepts of our Constitution. Yet there seems evidence that this may have occurred.

I assume it is the purpose of this inquiry to gather and weigh the facts.

Respectfully submitted,

Norman Dodd, Director of Research  
SPECIAL COMMITTEE TO INVESTIGATE  
TAX EXEMPT FOUNDATIONS

May 10, 1954